

# FINANCIAL TIMES

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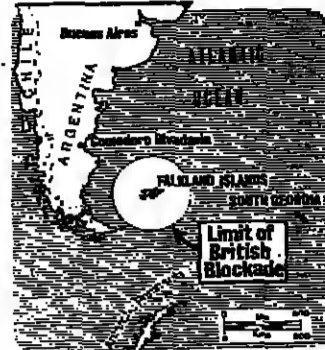
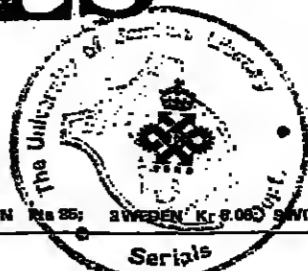
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## SHIPS, AIRCRAFT EXCLUDED FROM 200-MILE RADIUS

# Falklands blockade from tomorrow

BY BRIDGET BLOOM AND DAVID TONGE

BRITAIN will impose a total blockade of the Falkland Islands at noon London time tomorrow. The Ministry of Defence announced yesterday that a "total exclusion zone" of 200 miles radius centred on the islands would be introduced. It is to apply to all ships and aircraft, civilian and military, "operating in support of the illegal occupation of the Falkland Islands by Argentine forces."

This latest move in the Falklands dispute extends the naval blockade which Britain introduced on April 12. It is intended to bring added military pressure on Argentina which, along with Britain, is considering U.S. proposals to solve the crisis, but it does not necessarily mean that Britain plans an immediate invasion.

Argentina's initial reaction was to warn that military operations in the area of the Falklands were expected "within the next 24 to 48 hours." The morning communiqué by the three service chiefs of the Buenos Aires military junta insisted that the Argentine Government "and people" maintained "their unbreakable fighting spirit and their faith in final victory."

Argentine newspapers, which have tended to play down the seriousness of the threat from the task force, began yesterday

**FALKLANDS WEATHER**  
Winds increase today to NW Force 7 (30 knots); 12 ft seas and 10 ft N swell. Partly cloudy; occasional light rain. Temperatures low 40s. Unlimited visibility. The Falklands crisis, Page 4. Foot UN appeal backed, Page 10. Editorial Comment, Page 22. Weighing invasion options, Page 23.

to highlight the dangers of an invasion of the islands seized by Argentina nearly four weeks ago.

There was no immediate reaction from Buenos Aires, however, to the statement by the Defence Ministry in London yesterday that one Argentine prisoner had died in South

Georgia in a "serious incident"

on Monday. A board of inquiry has been established by the British military authorities on the island.

The Argentine forces on the Falklands were described yesterday as at a state of maximum alert.

A news blackout has been imposed on the position of the Argentine fleet. In London the Ministry of Defence referred to its earlier statements that the Argentine fleet was strung out off the Argentine coast.

The announcement of the complete blockade suggests that the naval task force, which set out for the South Atlantic three weeks ago, is now within Falkland waters.

While the Defence Ministry refused yesterday to comment on the force's position, it seems probable that it is stationed over an area of perhaps 100 miles some 50-200 miles east

of the Falklands.

This would put it more or less outside the range of the Argentine Air Force, while allowing the 20 Harrier jump-jets on the two British aircraft-carriers to patrol the whole of the blockaded area.

Britain's strategy seems to be to isolate the Argentine troops on the islands.

Other pressures mounting on the estimated 7,000 troops there include reported shortages of fuel for cooking and heating in increasingly cold weather, and shortage of water.

The island's only piped water supply is in Port Stanley, designed for 1,000 people.

Yesterday it was announced from Buenos Aires that the airlift of supplies to Port Stanley had been halted on Tuesday by bad weather.

noon to evacuate their troops. Britain appears to want to step up the military pressure by stages avoiding if possible an outright attack on or invasion of Port Stanley, but leaving the way open for other moves.

It is thought that the task force might first attempt to recapture the sparsely occupied West Falkland, and then move by stages to East Falkland, where it would form a defensive ring outside Port Stanley.

The blockade presents a critical test for the Argentine junta. Apart from the initial invasion and subsequent re-in-

Continued on Back Page

## NEWS SUMMARY

### GENERAL

### Poland releases 800 internees

Poland's ruling military approved the lifting of some martial law restrictions and the release of 800 internees. Another 200 are to be allowed conditional release leaving 2,000 still interned. The nationwide curfew is to be lifted from May 2. Phone links between provinces are to be restored on May 10. Restrictions on foreign journalists are to be eased from the middle of next month. Back page

### U.S. budget talks

President Reagan met Tip O'Neill, House of Representatives Speaker in a "make or break meeting" to try to reach agreement on a new U.S. budget.

### Playboy woman

Christie Hefner, 30, daughter of Hugh Hefner the founder and chairman of Playboy Enterprises, took over as company president. Page 3

### Botha meeting

South African Prime Minister P. W. Botha will meet Zambian President Kenneth Kaunda tomorrow at the South African-Botswana border. Page 4

### Beirut strike

Christians, Muslims and Left-wingers in Beirut, Lebanon, held their first joint strike in seven years over the killing of a Conservative Sunni Muslim, by unidentified gunmen.

### Refugees for U.S.

More than 10,000 Kampuchean refugees in United Nations-run camps in Thailand will be resettled in the U.S. in the next few months.

### Chinese 'rights'

China's draft constitution, said to provide an expanded code of citizens' rights, would end the right to strike and allow police to read private mail.

### Dail uproar

Proceedings in the Dail, the Irish Republic's parliament, were twice suspended in uproar in a row over the acquittal last week of Premier Charles Haughey's election agent on charges under the Prevention of Electoral Abuses Act.

### Ulster bus blasts

Explosions ripped through 24 buses in a depot in Armagh, Northern Ireland, after a raid by an armed gang.

### Rail protest plan

Railmen who make train safety checks are threatening to strike during the Pope's visit to York on May 31 in protest at staff cuts.

### Black economy

Britain's black economy is probably about £15bn a year and results in a tax loss of about £4bn, according to the Inland Revenue. Page 10

### Nurses talks call

Royal College of Nursing's annual conference called for talks with the Government on a new formula for wage negotiations. Page 9

### Contract probe

Police will investigate allegations that confidential government documents were passed to salvage man Keith Jessop who won the contract to raise gold from the HMS Edinburgh wreck.

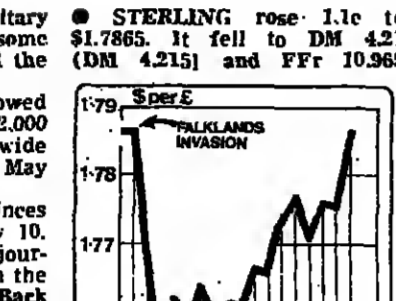
### Briefly...

Broadcaster Sir Robin Day has pneumonia and is being treated in a London hospital. Geoff Hunt, 35, former world squash champion is in retirement. Rolling Stones will play at London's Wembley Stadium on June 25 and 26.

### BUSINESS

### Equities up 5.1; 1.1c rise for £

STERLING rose 1.1c to \$1.7865. It fell to DM 4.21 (DM 4.215) and FFf 10.965



(FFf 11.0051, but rose to SwFr 3.485 (SwFr 3.481). Its trade-weighted index was unchanged at 89.4. Page 40

DOLLAR was weaker, at DM 2.355 (DM 2.372), SwFr 1.95 (SwFr 1.9590) and Y247.15 (Y238.45). Its trade-weighted index dropped to 113.8 (114.3). Page 40

GOLD was unchanged in London at \$352. In New York, the COMEX April close was \$355.1 (\$355). Page 33

EQUITIES were helped by company trading statements. The FT 30-share index closed 5.1 up at 575.3. Page 39

GILTS held steady. The Government Securities Index finished 0.07 up at 68. Page 39

WALL STREET was down 7.23 at \$30.27 near the close. Page 34

JAPAN'S balance of payments deficit for 1981 widened from \$38bn to \$7.86bn.

WEST GERMAN exports were worth DM41.8bn (£9.9bn) last month, compared with DM 34.5bn in February and DM 33.7bn in March last year. Back Page

BRITISH AIRWAYS re-organisation, with the creation of several major new "profit centres," was announced. Back Page

BUILDING SOCIETIES have established a formal investors' protection scheme, in line with banks and life companies. Back Page

ROAD CONSTRUCTION with private sector finance could be introduced following successful talks between major contractors and financial institutions. Back Page

HARLAND AND WOLF shipyard is to receive £47.6m of Government support in 1982-83. Northern Ireland Secretary Mr James Prior said. Page 6

ROLLS-ROYCE could lose between £50m and £70m a year in profits during the late 1980s as a result of Lockheed's decision to stop production of the TriStar airliner, R-R chairman Lord McPadden told a Commons select committee. Page 10

SAVOY HOTEL pre-tax losses for 1981 fell from £1.79m to £604,000, due to a second-half improvement. Page 24; Lex, Back Page

HOUSE OF FRASER stores reported taxable profits of £28.03m (£34.41m) in the 52 weeks to end January. Page 27; Lex, Back Page

BAT INDUSTRIES' pre-tax profits for 1981 climbed 43 per cent to £65.4m. Page 24; Lex, Back Page

BLUE CIRCLE Industries' 1981 pre-tax surplus jumped 31 per cent to £104.1m. Page 24; Lex, Back Page

IMPERIAL Group confirmed it was discussing the sale of its remaining poultry interest, in Country Pride of the U.S. Page 28

### CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

Avon Rubber	107	+ 5
BAT Inds	460	+ 37
Boechman	256	+ 6
Blue Circle	488	+ 4
GEC	547	+ 7
GKN	174	+ 4
Hoskins & Horton	114	+ 5
Horsall Machine	24	+ 3
May and Hassell	68	+ 6
NatWest Bank	425	+ 7
Plessey	387	+ 9
Sauhil (W. H.) A.	187	+ 13
Tarmac	334	+ 8
Tomlin	36	- 7
Tube Invs	150	+ 4
Whitman Recv An	295	+ 28
Whitson	94	+ 8
Huntm Pet	194	+ 8

FALLS

RSP	70	- 4
Jarvis (J.)	332	- 11
Pearson (S.)	236	- 9
Rank (Gr)	171	- 6
Tozer Kersey	64	- 6
Utd Electronic	29	- 3
Walkin	75	- 9
Berkeley Ex	255	- 15
IC Gas	195	- 10

## Final push on diplomatic efforts

BY PETER RIDDELL, POLITICAL EDITOR

MRS THATCHER wants urgently to bring to a head diplomatic efforts to solve the Falklands crisis peacefully. Before military pressures are intensified with the imposition of the air and sea blockade tomorrow.

The British Government is considering the U.S. Administration's formal proposals. These apparently differ only marginally from the ideas brought back last weekend by Mr Francis Pym, the Foreign Secretary, after talks in Washington with Mr Alexander Haig, the U.S. Secretary of State.

The presentation of formal, as opposed to informal, proposals puts Britain on the spot to produce a response.

The Whitehall view is that there are still serious difficulties about the plan, but the UK is unlikely to make any formal response until Argentina replies.

British tactics are apparently to ensure the blame for any diplomatic breakdown falls on

Argentina. There seem to be differences of emphasis within the Government. Mrs Thatcher has been stressing that time is running out for a diplomatic solution.

The Foreign Office view seems to be that while the U.S. proposals may turn out to be unacceptable they are in accordance with the United Nations Security Council Resolution 502. Therefore, if Argentina agrees to withdraw its forces, there may be official pressure in London to agree a deal based on the U.S. plan, probably involving concessions.

It has been made clear that the UK is willing to negotiate about the supervision of a withdrawal of Argentine forces.

There is also the interim administration leading up to a longer term solution. A U.S. guarantee might be involved.

Whitehall officials are pessimistic about the possibility of a diplomatic solution and Mrs Thatcher has made plain that she does not see much point in

returning to the UN. There is a lull at Westminster, though some MPs were relieved that the air blockade announcement appeared to imply that the Government was taking a step-by-step military approach, leaving room for manoeuvre.

Mrs Thatcher is due to open today's emergency Commons debate, which will be concluded by Mr Pym. The Conservative Party is still united behind the Government's approach.

There is a sizeable group of backbenchers, however, possibly three dozen, who have warned the whips that they would not co-operate and might withdraw support if any significant concessions are made.

The Government has asked Israel not to supply more arms to Argentina, Mr Douglas Hurd, Foreign Office Minister of State, said in a Commons written reply.

The Labour Party's national executive committee yesterday

unanimously backed Mr Michael Foot's appeal to the Government to open discussions with the UN Secretary General over his request for both parties to refrain from escalation.

Dr David Owen, for the Social Democrats, criticised Mr Foot for climbing down and for losing his nerve. Social Democrat and Liberal leaders at Westminster are due to meet soon to consider their joint response to the crisis.

Andrew Whitley writes from Buenos Aires: Argentina's Presidential spokesman said yesterday that the military junta was still studying the latest U.S. peace proposal delivered to Sr Nicanor Costa Méndez, the Foreign Minister, in Washington on Monday. The official added that all diplomatic channels for negotiation remained open.

In Washington, the U.S. State Department said that neither Argentina nor Britain had re-

Continued on Back Page

## Italy delays import of BL Acclaim cars

BY PAUL CHEESRIGHT AND KENNETH GOODING

THE ITALIAN authorities have delayed the import of up to 4,000 BL cars, including 100 Triumph Acclaims, ostensibly because of tax irregularities by Leyland Italia, BL's Italian sales company.

In London it is believed that the real reason for the delay — which became apparent early last week — is to demonstrate support for the Italian industry's argument that the Acclaim is a Japanese car.

BL makes the Acclaim under licence from Honda of Japan. The Italians say its British content is only 60 per cent, which is not enough to give it the designation "British" and hence free access to the Italian market.

Italy permits the import of 2,000 Japanese cars a year. If the Acclaim is classified as

Cars built by the Australian subsidiary of Mitsubishi of Japan are to go on sale in Britain. Lonsdale Car Company hopes to sell 6,000 next year, rising to 12,000 a year. Mr Michael Orr, chairman of Lonsdale, a new company, said the cars could be priced competitively against Ford in Britain. Page 5

Japanese, it would effectively be frozen out of the market. BL says the Acclaim is 70 per cent British "by ex-factory price."

It said last night that the 100 Acclaims were still being held, but the other cars had been released.

The British cars are shipped in at the northern Italian port of Ascona, but go through customs clearance near Milan. It is here several shipments have been held up.

The UK Government has been making strong representations to the Italian Government over the last week, both through the European Commission in Brussels and the embassy in Rome.

It has argued that the Italian use of tax technicalities breaches EEC regulations governing the free movement of goods within the Community.

It has sought to establish the legal basis for the Italian Government's tax claims on Leyland Italia. The level of tax payments due from the company is conditional on its relationship with BL in the UK — it is a wholly-owned subsidiary.

Mr Peter Rees, the Trade Minister, was assured last Monday by Sig Mario Floret, the

Italian Under-Secretary of State for Foreign Affairs, that the cars would be released.

BL said last night: "Cars were held up during last week while the Italians carried out investigations under the terms of a specific EEC regulation. The cars have now been released, with the exception of 100 Triumph Acclaims for which the Italian customs require certificates of origin."

Mr Peter Rees, the Trade Minister, was assured last Monday by Sig Mario Floret, the

holders expressed satisfaction with the offer.

Results of both S. Pearson and Pearson Longman were announced yesterday. Profits before tax at S. Pearson rose from £47.7m to £59.5m for the year ending December 1981. Over the same period pre-tax profits of Pearson Longman rose 35 per cent to £21m.

Details, Page 28; Lex, Back Page

£ in New York

Spot	\$1.7865-7870	\$1.7755-7770
1 month	0.13-0.23 pm	0.13-0.17 pm
3 months	0.49-0.57 pm	0.48-0.47 pm
12 months	1.65-1.80 pm	1.40-1.50 pm

Other institutional share-

## Pearson terms for Pearson Longman

BY JOHN MOORE, CITY CORRESPONDENT

S. PEARSON yesterday unveiled an offer worth more than £50m for the publicly held minority interest of 36.4 per cent in the group's separately quoted publishing subsidiary, Pearson Longman, whose interests include the Financial Times.

Pearson, whose activities range from banking to industrial and leisure interests, makes the offer to Pearson Longman shareholders through an issue of its own shares, with an alternative offer of cash.

For every 15 shares which they hold in Pearson Longman, shareholders are offered 22 new shares in Pearson. On the London stockmarket yesterday shares of S. Pearson fell 9p to 236p which values the 36.4 per cent stake in Pearson Longman at £52m, or 346p a share. The

cash alternative values each Pearson Longman share at 333p.

The bid for the 36.4 per cent of Pearson Longman, which has been accepted by the Pearson Longman Board, follows an earlier attempt in 1978. That move failed after a group of four institutional shareholders took steps to oppose the deal. S. Pearson was unable to win sufficient support.

Equity and Law Life Assurance, one of the institutions which led the attack last time a bid was made, said yesterday that it was "quite pleased with the outcome. The terms in their present form are acceptable. And there is a cash alternative. The new offer is a considerable improvement on the last one."

Other institutional share-

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EUROPEAN NEWS

Workers to consider new Renault bid to end Flins strike

By David Housego in Paris

NEGOTIATIONS from French motor industry unions are expected today to present their members with a new management offer to end the month-long dispute at Renault's plant at Flins outside Paris.

Strike action so far has resulted in the loss of 27,000 cars of the Renault 5 and 18 models.

There was no sign of an end, however, to the bitter dispute at Citroen's factory at Aulnay-sous-Bois, also outside Paris, where production has stopped.

French police seize 20 in big swoop on Eta

By Our Paris Staff

FRENCH POLICE have carried out their biggest swoop for more than three years against activists of Eta, the Spanish Basque separatist movement.

Twenty alleged members of the movement's "politico-military" branch have been arrested this week.

Arms, including a rocket-launcher, were reported to have been seized yesterday.

The clampdown, which came amid growing concern about terrorism in France, coincided with bitter attacks by Spanish representatives at the Council of Europe assembly against French policy towards Eta activists based north of the border.

month where higher pay and consolidated holiday for immigrant workers are major issues. Renault is resisting significant changes to a pay structure which came into force in February.

Concessions offered yesterday provide for some changes in the grading by which pay is assessed and new bonus payments.

At the Citroen plant, where there has been practically no dispute since its opening in 1974, strikers are said to be seeking pay increases amounting to FF400 (€60) a month and improved trade union rights.

election a year ago. France has resisted pressure from Madrid to extradite alleged terrorists, but in compensation has tightened border controls and placed Spanish spies wanted by Madrid under surveillance.

Six Spaniards are affected by these measures, but two of these were said by the Interior Ministry yesterday to have "disappeared."

The people arrested this week include two French nationals. They are believed to be linked to the Spanish movement, and not to the French-based "Iparetars" nationalists, whom police believe were behind a machine-gun attack last month which resulted in the death of two French riot policemen.

Far-right group puts kidnap demands

By David White in Paris

A HITHERTO unheard-of extreme-right organisation yesterday sent a list of demands to the French Government in return for the release of M Jean-Ederm Hallier, the controversial writer who was reported missing on Monday evening.

In a message to the AFP news agency and various others, the "French Revolutionary Brigades" set a deadline of 7 pm on Sunday, without saying what they threatened to do if the demands were not met.

The messages were accompanied by a handwritten statement signed by M Hallier to the effect that he was being "correctly" treated.

The group made its political sympathies clear by demanding the dismissal of the four Communist ministers in the Government, cancellation of the recent Franco-Soviet agreement on supplies of Siberian gas, French aid for anti-Soviet resistance in Afghanistan and the resignation of M Gaston Defferre, the Interior Minister, whom it described as "a corrupt and incapable politician."

It said it had kidnapped M Hallier because of his "convinance" with the Government. "The French people will not suffer Krenlin-directed terrorism," it went on. "We will answer terror with terror."

The incident coincides with statements of determination by the French Government to clamp down on terrorism following a series of fatal incidents, including a bomb attack on an express train last month and the recent explosion in front of an Arab newspaper office in central Paris.

Brussels wants tougher steel crisis regime

By Giles Merritt in Brussels

EEC MEMBER states will be asked next week to approve a major reinforcement of the Community's prices and production regime for the crisis-hit steel industry.

Under a proposal agreed in Brussels yesterday by the European Commission, the regime would be extended for 18 months, taking it to the end of 1983, and would be strengthened by the inclusion of wire rod among the categories covered by mandatory controls.

The Commission's proposed measures are to be put to a meeting of EEC industry ministers on May 4. Although the West German Government has indicated that it would prefer an extension to the regime of only a year from mid-1982, Commission officials are confident the proposal will be accepted.

Viscount Etienne Davignon, the Industry Commissioner who is the architect of the steel regime combining voluntary and mandatory controls, is understood to be putting four main reasons in support of the proposals.

Projections show that demand for steel in the EEC will remain below 1981 levels throughout 1982, while in parallel analyses of the world market in steel suggest that not only will it remain weak but that EEC steel exports this year will also dip below 1981 levels.

Underlying these factors, there is Viscount Davignon's warning that the Community steel industry's structural over-capacity of some

48 per cent remains a serious threat to market stability. The Commission, nevertheless, is emphasising that member governments' agreement to a further 18 months of the steel regime, which is operated and policed by Brussels, does not mean that the controls would not be terminated at any time should the crisis in the industry abate.

The inclusion of wire rod in the steel categories covered by mandatory production quotas would, in fact, return it to the

Brussels-controlled list of products after a year during which it has been covered by voluntary limits. But the Commission said yesterday that it is now concerned at the drop in demand and price of wire rod. With its inclusion, some 70 per cent of EEC steel output will be covered by the mandatory quota system, but officials stressed that, under the new proposals, both heavy plate and heavy sections are to remain subject to only voluntary production ceilings.

Rupert Cornwell in Rome reports on the anniversary of an Italian hero Garibaldi—rebel at a nation's heart



"Which of you claims to be the spiritual heir of Giuseppe Garibaldi?"

"THERE HAVE been wiser politicians and greater generals than Garibaldi," wrote a leading Italian historian recently, "but none worthy of love, or more loved by the people." The accuracy of the judgment, and the measure of that affection, will become clear in the next few weeks, as the country starts in earnest its celebrations of the 100th anniversary of the death of a hero.

Italy is a country awash with anniversaries, whether local or national, military, political or religious. Streets have a distinctive habit of being named after dates, while politicians have a tendency to a baffling jargon, whereby reference to a date alone is shorthand for a precise comparison.

Just how deeply these extend into the popular consciousness beyond the celebratory mass, the speech or the march past is another matter, but 1822 could be something different: a whole year dedicated to the man who more than any other symbolises the 19th-century reunification of Italy.

Caysera in Sardinia, but the festivities will run until December. Starting on May 5, a regatta will follow the course of the argosy of the 1,000 irregulars who arrived from Genoa in Marsala on May 11 1860 to begin the reconquest of Sicily from the Bourbons.

Opera houses are likely to be ringing with Verdi's "Nabucco" and other suitably patriotic music, while the myriad of towns, cities and villages with their plaques recording the passage of Garibaldi will arrange their own commemorations.

Giuseppe Garibaldi is an utterly Italian hero: extravagant and romantic, confusing and controversial, a natural resistance fighter, an idealist eternally doomed to opposition and, inevitably, defeated by the greater, age-old cunning of official Italy. In keeping with his country, he was completely disregarded. For all his fame and popularity (especially outside Italy) he had remarkably little impact on its subsequent history.

In 1864, half a million people turned out to greet him on his arrival in London, to the discomfort of Queen Victoria. Two years before that he was defeated at the Battle of Aspromonte in Calabria by the forces of the Italian Crown. It had taken just that long for the conqueror of the Kingdom of the Two Sicilies to become a rebel, and an embarrassment to the political powers of the day. Now that is forgotten. Garibaldi is once more being resurrected as the patron of an independent, unified Italy. The collections of Garibaldi souvenirs are being dusted off in town halls with the honours awarded to the ruler of a spirit. Sentiment obviously plays a part, but the occasion has taken on national and political overtones exclusively related to Italy in the late 20th century.

Exit the national tourist authority, quite deliberately sees the Garibaldi celebrations as setting the seal on the astonishing change in the world's perception of Italy. A few years ago it was summed up by Dr Spivack's famous cover of a Walther PPK

nesting in a bowl of spaghetti. Today everyone is bullish about Italy. Bankers no longer worry about the Italian risk: a U.S. general for the release of General Dozier, talks of Italy as its most reliable European ally. Terrorism seems to be derelict. A cover story in Italian fashion designer Giorgio Armani, with the drooping title of "Giorgio's Gorgeous Clothes."

It may easily be that the present optimism is as overdue as the proclaimed goal of both Socialists and Republicans to see the Communists were at the gates of power. But what better way to promote what already promises to be a bumper year for foreign tourism than an

Swedes lift growth forecast

By William Duffice in Stockholm

SWEDEN HAS passed the bottom of its economic trough, the Government believes. In its revised 1982-83 budget released yesterday, the forecast for growth in gross national product is raised from 1 per cent to 1.4 per cent this year. Growth in 1983 is put at 2.4 per cent.

Exports are expected to lead the recovery with volume growths of 5.7 per cent this year and 7.5 per cent next, according to the Budget Ministry. Industry's competitiveness has been improved by the devaluation of the krona last September and moderate increases in labour costs.

The Government's savings programme is also starting to take effect. The budget deficit estimate has been revised from SKr 52.9bn (£7.5bn) to SKr 75.7bn (£7.3bn) or 12 per cent of GNP.

The annual rate of growth in the volume of public spending averaged 6 per cent in the 1970s, was reduced to 4 per cent in the past two years and should be only slightly above 1 per cent in 1982 and 1983, the ministry estimates.

Sweden plans to borrow SKr 12bn to SKr 14bn on the international capital market this year, according to the revised finance plan. The trade balance shows a surplus both this year and next while the current account deficit is forecast to shrink from SKr 15.7bn last year to SKr 14.4bn in 1982 and SKr 10.5bn in 1983. Industrial output should increase by 3 per cent this year after falling by 3.5 per cent in 1981.

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COAL MINING COMPANIES' REPORTS FOR THE QUARTER ENDED 31 MARCH 1982

Table with 4 columns: Tons sold ('000), Quarter ended, Comparative quarter previous year, 9 Months to previous year. Includes data for TRANS-NATAL COAL CORPORATION LIMITED.

Notes: 1. As indicated in the annual report and previous quarterly report the group has changed its accounting policy with effect from 1 July 1981 by the introduction of amortisation of mining assets on a sinking fund basis...

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Table with 4 columns: Tons sold ('000), Quarter ended, Comparative quarter previous year, 9 Months to previous year. Includes data for THE CLYDESDALE (TRANVAAL) COLLIERIES LIMITED.

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Pope expected to call off Poland visit

By Rupert Cornwell in Rome

POPE JOHN PAUL'S plan to visit his native Poland this summer will almost certainly be postponed because of the continuing military clampdown there, Mgr Josef Glomp, the Polish Primate indicated here yesterday.

The August visit was to have marked the 600th anniversary of the sanctuary of Jasna Gora. The Pope is anxious to return to Poland to show his support for the people, but seems to have decided against this, fearing that his presence could give a tacit blessing to the situation which he has frequently criticised.

Meanwhile the Vatican has made clear that nothing has been decided yet about a possible postponement of the Pope's visit to Britain, scheduled for May 28. However, it is generally accepted here that should hostilities between Britain and Argentina still be in progress, it would be impossible for the journey to go ahead.

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# Taiwan arms issue will overshadow Bush's Peking talks

BY REGINALD DALE, U.S. EDITOR IN WASHINGTON

THE ISSUE OF U.S. arms supplies to Taiwan will overshadow talks which the U.S. Vice-President, Mr. George Bush, is to have in Peking early next month. Officials in Washington said that Mr. Bush is at present on a five-nation tour of Asia, would probably be in Peking between May 5 and 8.

A former U.S. envoy in China, Mr. Bush will be the most senior member of the Reagan Administration to visit Peking. He goes at a time of considerable tension in U.S.-Chinese relations as a result of the Administration's commitments to Taiwan.

In an indication of the importance of the visit in U.S. eyes, the White House said that President Reagan had personally asked the Chinese leadership to invite Mr. Bush. The move follows Mr. Reagan's decision of two weeks ago to press ahead with a \$60m (\$34m) military spare parts deal with Taiwan, despite Chinese objections.

Officials in Washington acknowledge that one of the main aims of Mr. Bush's trip will be to try to ease strains caused by continuing U.S. arms sales to Taiwan, although it has been stressed that the spare parts deal involves no weapons.

China has threatened to downgrade relations with Washington, possibly by withdrawing its ambassador, if U.S. arms sales to Taiwan continue.

Washington was relieved at the rather restrained protest from Peking following the decision to submit the spare parts sale to Congress, but it is aware that the risk of further tension remains acute.

The Chinese attitude has put the Reagan Administration in a quandary. Many foreign policy experts in Washington, not least Mr. Alexander Haig, the Secretary of State, believe that good relations with Peking must have overriding importance at a time of confrontation with Moscow over Poland, Afghanistan and other strategic issues.

Mr. Reagan's right-wing supporters, on the other hand, are firmly committed to the support of "loyal" Taiwan, as a major symbol of international resistance to Communism. The Administration is obliged, moreover, by the 1979 Taiwan Relations Act to provide for Taiwan's needs regardless of the wishes of Peking.

In January, Mr. Reagan rejected a Taiwanese request for advanced fighters. But he made it clear that there was no change in the U.S. policy of supplying Taiwan's defence needs by undertaking to continue deliveries of aircraft comparable to those now being flown by the Taiwanese air force. He also agreed to extend the life of the joint U.S.-Taiwanese production line making F-5E fighters in Taiwan beyond its original closure date of mid-1983.

# Girl takes over at Playboy

By Paul Betts in New York

CHRISTIE HEFNER, 30-year-old daughter of Mr. Hugh Hefner, founder and chairman of Playboy Enterprises, took over yesterday as president of the Chicago-based leisure and entertainment group.

She replaces Mr. Derick J. Daniels, a former executive of the Knight-Ridder newspaper group, who became Playboy president in 1976. The change is a further sign of the turmoil which has swept the company which has forced to sell its highly profitable casino operations in London. A few weeks ago it decided to sell its half interest in the \$135m Playboy casino in Atlantic City after the New Jersey Gaming Commission had refused to grant Mr. Hefner a permanent licence to operate the casino.

Mr. Daniels came to Playboy to sort out the problems Mr. Hefner's ambitious expansion programme caused the Chicago company. He has sought to make cuts, reduce administrative overheads and reallocate company resources into new business areas.

In an interview with the Financial Times last year, Mr. Daniels claimed that Playboy in the late 1960s had caught "conglomerate fever."

# Goldwater attacked for 'softness'

By Anatole Kaletsky in Washington

SENATOR Barry Goldwater, the erstwhile firebrand of the Right who ran for President in 1964, is coming under fire attack for "political and moral softness."

Senator Goldwater is being accused of having "kicked the conservative cause in the ass once too often," by a politician of the new Right who is running for the California seat in the U.S. Senate against the Senator's son, Mr. Barry Goldwater Jr.

Mr. Goldwater Jr's opponent, Representative Robert Dornan, is a candidate of the "Moral Majority" which played a major role in the 1980 election campaign won by President Reagan.

The "Moral Majority" is attacking both Senator Goldwater and his son for their "betrayal of conservatism" on abortion, school busing and homosexuality.

Senator Goldwater, who has also been criticised for saying publicly that he believes the Soviet Union has no aggressive intentions against the U.S. at present.

Adding further spice to the Californian Senate race, another Republican candidate is Miss Maureen Reagan, the President's daughter, who has taken exception to many of her father's views.

The California primary, to be held in June, will be a major test of the relative strength of the right-wing factions.

# Jim Rusk in Ottawa reviews the effects of declining world oil prices Canada's energy policy in jeopardy

CANADA'S CONTROVERSIAL National Energy Programme has been battered by declining world oil prices to such an extent that planners are now worried by the thought that the fundamental premise of their carefully crafted policy may be wrong.

While the planners knew that world prices were, in their own words, "arbitrary and artificial" when they put the policy together in the summer of 1980 following the second oil shock, they felt they could only base it on the assumption that oil prices would go up.

The policy was based on the premise that, however ragged the price rise would be, the overall trend of world oil prices would show an increase of 2 per cent a year in real terms through the decade.

A number of apparently miraculous results were supposed to flow from this supposition. The cash flow from oil and natural gas revenues would be so great that the industry would have the funds for a massive investment programme in costly frontier, tar sands and heavy oil development. This would be a fillip to Canadian economic growth in the decade. Meanwhile, the hydrocarbon producing provinces, particularly Alberta, would be swollen with tax revenues.

Canadian industrial users and consumers would get the benefit of domestic prices that would be held markedly below world levels.

No aspect of the energy business was left untouched by the policy. It came complete with every variety of bell, whistle and lever in the bureaucratic handbook of how to fine tune an industry.

Now, almost 18 months later with only a portion of the NEP enacted into law, the Programme of the autumn of 1980 as well as the energy-price agreement between Ottawa and Alberta of the autumn of 1981 are slowly coming unglued under the pressure of declining

# Financial package may save Alsands

A FINANCIAL package to improve returns in the early years of operation could save Canada's Alsands synthetic oil project by the deadline tomorrow, Robert Gilheus reports from Montreal.

The federal provincial package was presented to the private sector backers of the project, Shell Canada and Gulf Canada, after meetings

in Toronto between Alberta's Premier, Mr. Peter Lougheed, and the Ontario Premier, Mr. William Davis.

The package includes larger loan guarantees and increased tax and royalty relief for Alsands production. Talks are continuing between the remaining private sector partners and PetroCanada, the national oil company.

world oil prices and the concomitant uncertainty about future price developments.

Canadian officials, however, are not yet prepared to concede defeat. While they admit they erred in not foreseeing the glut of oil in world markets that would develop in the months after their creation was unveiled, they are sticking to their price growth forecast. They subscribe to what has been called the "Mosque in Jeddah" theory of world oil prices: the current glut and price weakness could be reversed overnight by political events in the Middle East.

As a result of the revision, Alberta recently pumped an additional \$5.4bn (£2.5bn) into the industry which will flow in over a period stretching until the end of 1986. Of this amount \$2.8bn in financial incentives will flow to the industry this year. The focus of the tax changes was to try to get the industry out of the

doldrums immediately. Ottawa will get a marginal increase in tax revenues to the order of \$140m from higher company incomes resulting from the Alberta tax reduction. The Federal Government is under pressure at least partially to match the Alberta concessions but, apart from giving up an amount equal to the tax effect of the Alberta changes, it is difficult to see that Ottawa will budge.

Facing with a budget deficit that given the relative size of the two economies, is on a par with the deficit that is banging on President Reagan's back, Mr. Allan MacEachern, the Canadian Finance Minister, is not likely to give up substantial funds to the oil industry.

Depending on economic performance the Canadian Federal deficit could be from \$10bn to \$13bn.

Indeed, the declining oil price may have taken away all the fiscal room that Ottawa had for manoeuvre through the middle of the decade. The energy-price agreement with Alberta was to provide the Federal Government with \$42bn in the 1982-86 period, one of the few substantial new sources available to it.

Infometrica, a prominent Canadian economic consultant, based in Ottawa, forecast in a recent letter, however, that Ottawa could lose \$20bn to \$30bn in revenue from hydrocarbon production if oil prices

are significantly softer than the NEP forecast. As though dimming revenue prospects were not enough to give Ottawa headaches, a number of major energy projects appear vulnerable. Since the beginning of the year, partners owning 50 per cent of the consortium planning the \$13bn Alsands project that was to produce about 8 per cent of Canada's daily oil requirements by the end of the decade, have pulled out of the project, deterred by uncertain price prospects and high interest rates.

It seems, however, that the only short-term hope for increased industry activity and bolstered revenue flows (with their immediate impact on government revenue) would be to allow some of the additional gas export licence applications now before the National Energy Board. That would require a major adjustment in policy but, even under the NEP, Ottawa has recognised that the only way to develop new domestic markets for gas is to price it below oil price equivalents.

The remaining members of the consortium — Shell, Gulf, and the state-owned PetroCanada — will meet in Calgary tomorrow to consider the future of the project, with a large question-mark overhanging the continued participation of the leading member, Shell. If Shell were to decide to pull out, Gulf would probably go the same way.

Finally, the changed pros-



Mr. Allan MacEachern: no substantial funds to the oil industry

# Surprise

The project has been kept alive by Ottawa and Alberta but, unless the two governments can pull a surprise out of the hat within the next few weeks, it will probably collapse.

If Alsands fails, it appears that a similar project being planned by Imperial Oil, the Canadian Subsidiary of Exxon, will go the same way.

Similarly the natural gas pipeline from Alaska through Canada to the main U.S. markets remains to be financed, although the southern end of the delivery system will be completed this autumn and filled with Canadian natural gas.

pecks are forcing Ottawa to re-think its policy on natural gas exports. In recent years, Ottawa has resisted licensing increased gas exports to the U.S. and the national pricing policy, which prices gas on an energy-equivalent basis to crude oil, has pushed deliveries under existing export contracts down to 53 per cent of licensed levels.

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# Damages for investment house after hiring raid

BY PAUL BETTS IN NEW YORK

MERRILL LYNCH, Pierce, Fenner and Smith, the largest of the Wall Street investment houses, has won another victory in its campaign to stop competing firms from luring away its brokers and clients.

The latest success follows the decision of a New York Stock Exchange arbitration panel to order Drexel Burnham Lambert, ranked 11 in the Wall Street securities firms league, to pay Merrill Lynch damages of \$250,000 for improper recruitment practices.

Merrill Lynch had accused the rival firm last year of a hiring raid on its New Orleans office. Drexel Burnham last year decided to open an office in New Orleans, and Merrill Lynch charged it had improperly recruited four executives from its New Orleans office.

It also charged that these executives had solicited Merrill Lynch customers before switching jobs and took as much trade with them as possible, copying Merrill Lynch books and records for Drexel Burnham.

Merrill Lynch filed suit last September against the four former employees asking for \$1m in damages. The court sent the case to arbitration at the New York Stock Exchange.

The Stock Exchange panel ordered Drexel Burnham to pay \$250,000 damages to Merrill

Lynch and also ordered three of the four executives charged with breaching employment contracts with Merrill Lynch, to pay a total of \$57,500 to their former employer.

Merrill Lynch's spokesman, Mr. James Flynn, said yesterday that the firm had become increasingly concerned over a rising trend of raids on Merrill Lynch staff. This was occurring at a time of increased competition in the whole financial services industry.

Merrill Lynch claims that rivals attempt to raid its staff because of the firm's extensive training programme. Mr. Flynn said about 93 per cent of the new brokers on Wall Street are trained by Merrill Lynch. It costs about \$25,000 to train and register a broker.

He said the firm decided last year to take a much harder line to discourage this growing practice, and claimed that Merrill Lynch had so far won all its cases of this kind.

The firm indicated that it is seeking to discourage former brokers to take away clients from Merrill Lynch when they switch jobs. Under Merrill Lynch's contracts, brokers are not allowed to solicit business from Merrill Lynch customers for a year after moving to a rival firm.

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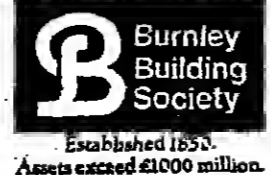
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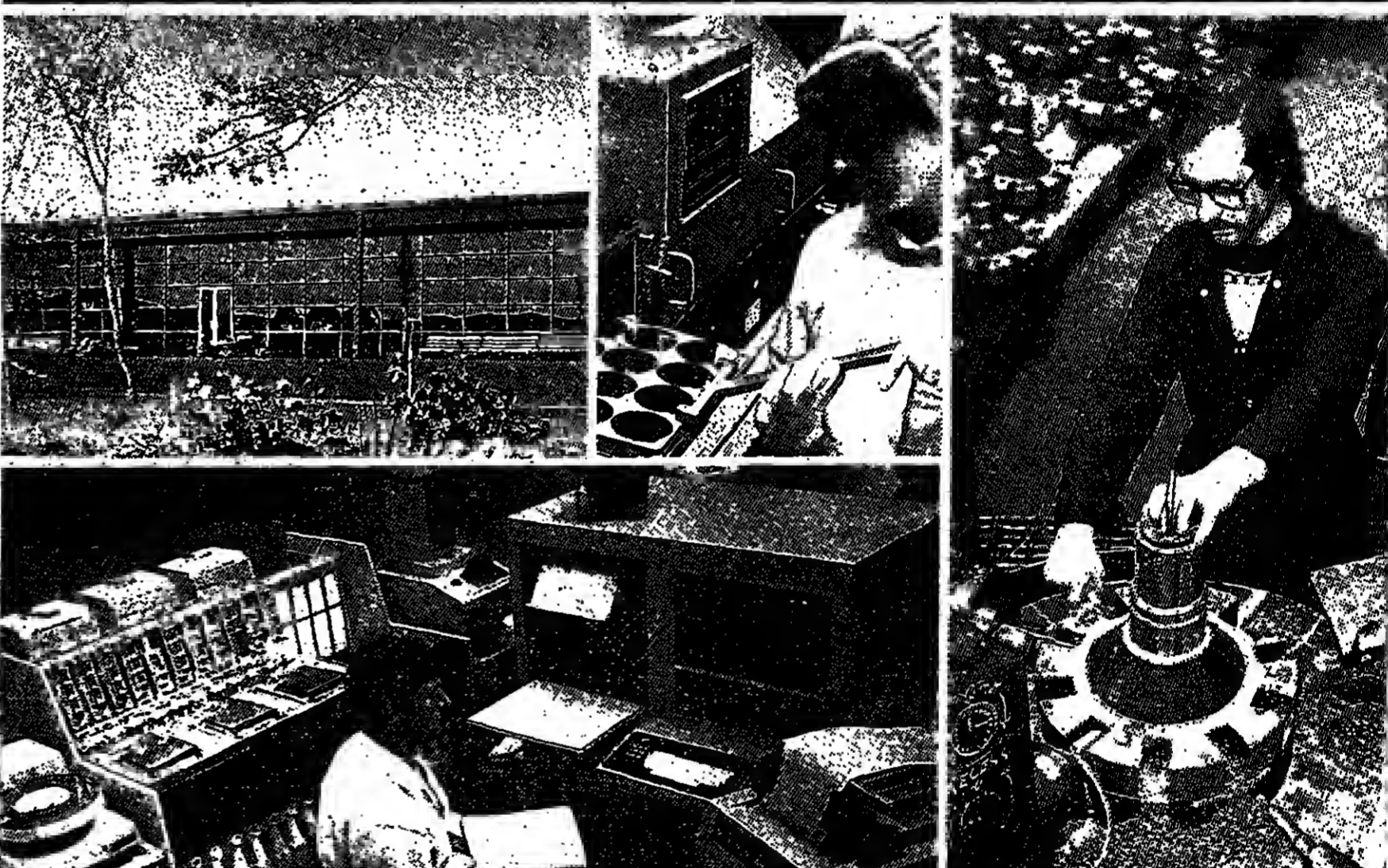
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INDUSTRIAL DEVELOPMENT AUTHORITY

OVERSEAS NEWS

Botswana talks tomorrow for Botha and Kaunda

BY J. D. F. JONES IN JOHANNESBURG

THE South African Prime Minister, Mr P. W. Botha, and President Kenneth Kaunda of Zambia are to hold talks in neighbouring Botswana tomorrow, it was officially confirmed here yesterday.

This meeting will be the first between a South African Premier and a leader of one of the "frontline states" since Mr John Vorster was attempting to implement his detente policy in 1975. But observers are by no means clear what the point of tomorrow's talks is supposed to be.

The proposal was thrown up by President Kaunda in a press interview in mid-March and was rapidly taken up by Mr Botha. It has been noted here that Mr Botha has recently been heavily involved in major domestic political struggles arising out of the defection of an important section of his ruling National Party, and will no doubt be happy to enhance his image as an international statesman.

President Kaunda, who has his own domestic and economic problems, will also relish a return to the wider diplomatic stage. He said last month that he wished to discuss "potentially explosive developments" with Mr Botha, adding that unless there was meaningful change soon in South Africa the "inevitable" explosions would make the French Revolution look like a children's Sunday picnic.

The most obvious topic for the agenda is the international negotiations over the future independence of Namibia (South West Africa), which are at present in the doldrums. President Kaunda is known to see himself as a possible mediator between Pretoria and the South West African Peoples' Organisation (Swapo).

Mr Botha will in return wish to sound out the possibility of reviving his earlier idea of a regional "constellation of states". This proposal has made no progress in the last two years, partly because the black states have set up their own economic grouping called SADC (Southern African Development Co-ordination Conference).

Several of the more radical SADC leaders, including Mr Robert Mugabe of Zimbabwe, do not agree with President Kaunda's willingness to talk with the South Africans.

South African is Zambia's second biggest supplier, after Britain. In 1980 Zambia imported Kwacha 139m (\$37m) of goods from the republic.

Mr Botha will tonight address an important political rally in the northern Transvaal town of Pietersburg. He will then be well placed to make the short journey to southern Botswana.



Dr Kaunda... meeting

Black workers start to strike

By Bernard Simon in Johannesburg

MORE than 4,500 black workers were on strike in various parts of South Africa yesterday. The work stoppages are centred on metal and engineering plants on the east Rand, near Johannesburg.

Among the companies affected are Scaw Metals, an Anglo American subsidiary, and Haggie Rand, a large wire and rope manufacturer. Haggie Rand dismissed 1,700 strikers at its factory in Germiston yesterday.

Workers at these companies have demanded immediate and substantial wage increases, refusing to wait for the outcome of the annual round of wage negotiations currently taking place through the steel and engineering industry's industrial council.

Mr Botha will tonight address an important political rally in the northern Transvaal town of Pietersburg. He will then be well placed to make the short journey to southern Botswana.

Oil glut forces Kuwait to plan deficit

BY OUR FOREIGN STAFF

KUWAIT, which was recently reckoned by the World Bank to have the highest per capita income of any country, and which is committed to investing as much of its income as possible, is contemplating not only a 40 per cent cut in Government spending but also a deficit over its next financial year.

On the face of it, at least, there could be no more dramatic evidence of the drop in demand for oil, the recent glut and the reversal in the fortunes of the Organisation of Petroleum Exporting Countries.

At the weekend, the Kuwaiti Cabinet finally approved the budget for fiscal 1982-83, starting July 1 of 3.2bn Kuwaiti dinars (\$5.4bn), which is down 40 per cent from the one for the present year. Oil revenues have been estimated at KD 2.96bn, anticipated as providing 92.5 per cent of income, compared with KD 5.3bn in 1981-82.

A deficit of KD 312.6m is foreseen. For a state whose revenue, excluding investment income, amounted to nearly KD 2.2bn in 1979-80, double domestic expenditure of about KD 1.2bn, such a projection may scarcely seem credible.

In practice, Kuwait's situation is confusing and complex. The Kuwaiti Government is no

better qualified than anyone else to predict with any great accuracy demand for its oil. Revenue estimates appear to have been made with characteristic Kuwaiti caution on the basis of a production rate of rather less than the allocation given to it under the Opec sharing programme agreed last month of 800,000 barrels a day (b/d).

Actual production at present is believed to have fallen to about 775,000 b/d, but should pick up in the third quarter. If it were only 650,000 b/d over the course of 1982-83, however, the deficit could be around KD 2.78bn, according to Sheikh Ali Khalifa, Minister of Oil.

In the past the Kuwaiti Government's disbursements have consistently been less than its allocations. That has been acknowledged by Mr Abdul-Aziz Hussein, the Minister of State who is the Government's chief spokesman. He suggested that if the budget projection was fulfilled, expenditure could be the equivalent of \$315m, or 5 per cent higher than the actual outlay in prospect for the present financial year.

His statement may have been designed partly to reassure the business community, whose turnover and profits are directly

related to the rate of state spending. At the same time, the Government has taken the opportunity presented by the general apprehension about recession to increase retail prices for oil products by 100 per cent octane petrol has gone up from 41p a gallon to 29p. This is an unprecedented step for a conservative Arab oil producer and, on doubt, a grave shock to the gas-guzzling Kuwaiti consumer who, even more than his Texan equivalent has come to regard cheap fuel as a natural right.

The measure can be seen partly as a psychological reaction to the crisis facing Opec as a whole and will also yield an estimated KD 50m in revenue. Inevitably, however, the Government felt the moment to be right politically to charge a more realistic rate for what, it has been long telling consumers elsewhere, is an irreplaceable asset.

The Government's move to control the rapid increase in energy consumption is of marginal fiscal significance. Of fundamental importance and as vital, probably, is as fluctuations in demand for oil could be the variable under the general heading of "transfer payments,"

which account for KD 1.33bn, rather more than 40 per cent of the budget. The payments include aid, the 10 per cent of revenue required to be allocated to the Reserve Fund for Future Generations, and military imports.

There has been no suggestion of any intention that the Kuwait Fund for Arab Economic Development is to curb its lending activities. (Last year this fund disbursed over \$395m of the total \$1.46bn of aid given by the Arab, Islamic and Opec development funds.)

The biggest unknown must be the further demands Iraq may make in its war effort against Iran. By mid-February, Kuwait has contributed no less than \$2.8bn. The amount committed could now be double.

This help in itself could have consumed the greater part of the fiscal surplus which would otherwise have been earned in 1981-82. As it is, the projected deficit is to be met from the "General Reserve"—as opposed to the long-term Reserve Fund for Future Generations, established in 1976 and containing perhaps two-thirds of the state's accumulated reserve, generally estimated to be \$42bn. The Government is evidently determined to adhere to its policy of ploughing back any



This is the fourth article in a series examining the effect of pressure on oil prices in selected producing countries.

investment income from this fund, whose capital is not to be touched this century.

Kuwait should be able to implement most of its development projects. Contracted projects will not be touched. Those related to "human development"—schools, hospitals, and education—will go ahead, according to Sheikh Ali Khalifa. Mr Abdul-Latif al Hamad, Minister of Finance, has said "some fine tuning in national priorities will be necessary."

The probable casualties in terms of deferment are the later phases of the waterfront scheme and a mobile telephone system for motorists, which would be classed in the "beautification" or enhancement category. Development of Sabriya new town planned for north of Kuwait city—"the project of the 1980s"—may be delayed. Yet, with a recovery of oil demand and Iraq permitting, Kuwait should still record a small surplus.

India's trade deficit widens

By K. K. Sharma in New Delhi

INDIA'S trade deficit has worsened despite a substantial improvement in exports and, in the first ten months of 1981-82 (April to January), reached Rs 45bn (\$2.78bn), compared with Rs 40bn in the same period of the previous year.

This was disclosed yesterday by Mr Shriya Patil, Minister of Commerce, who told a parliamentary committee the deficit would exceed the revised figure of Rs 55bn registered in 1980-81, which was nearly double the Rs 25bn in 1979-80.

This was despite the fact that in the first ten months of 1981-82, exports had increased by nearly 14 per cent to Rs 50bn, while imports had increased relatively slowly by 13 per cent to Rs 104bn in the same period.

The deficit was mainly due to higher costs of imports of items like crude oil, petroleum oils, fertilisers, vegetable oils, capital goods and chemicals. The deficit had widened significantly with Western Europe, the U.S. and Asia, particularly the Middle East.

Among the major markets, exports to the Soviet Union increased by 41 per cent to Rs 6.8bn in the period April-September, 1981, and to the U.S. by 31 per cent to Rs 4.3bn in the same period. Exports to Britain also increased, by about 52 per cent to Rs 2.4bn. However, the items that showed an increase—like tobacco, marine products, leather, gems and garments—were mainly traditional exports.

Rioting in Punjab

BATTALIONS of the Indian Government's armed police forces have been sent to Amritsar where a 24-hour curfew has been imposed, following rioting between Sikhs and Hindus for the first time since independence.

Three swayed heads of cows, sacred to the Hindus, have appeared in front of temples, and the sacrifice is thought to be the work of Sikh extremists belonging to an organisation called Dal Khalsa.

Palestinians shot by Israelis

By David Lennon in Tel Aviv

NINE PALESTINIANS were shot and wounded by Israeli troops yesterday during protests on the occupied West Bank and in the Gaza Strip, which have been racked by anti-Israel disturbances for more than a month.

An Israeli army patrol was attacked by some 200 youths when it entered the Jebelya refugee camp in the Gaza Strip. Four of the soldiers were injured by the stones and four Palestinians wounded when the patrols opened fire on the demonstrators.

The anti-Israel protests also continued on the West Bank yesterday. During a violent clash between Israeli troops and Arab demonstrators in Nablus, five Palestinian youths were shot by the soldiers. Nine Palestinians have died and hundreds have been wounded in the clashes.

Angola struggles to cope with revenue fall

Maputo training pact

BY OUR FOREIGN STAFF

LUANDA—Angola is putting economic survival ahead of ideology as it struggles to overcome a drop in earnings from oil, its main export. The hardship caused by a slump in revenue last year is so great that the Government is adopting a new approach to development with decisions that would not have been politically acceptable in the past.

Immediately after its independence from Portugal in 1975, Angola aligned itself with the Soviet bloc and abandoned credit, believing debt would inevitably bring political dependence. Once determined to pay cash against delivery, it is now seeking long-term credits.

Lower oil prices sparked the change in attitude in Angola where economic projections were based on hopes of a higher return, with prices as high as \$36 a barrel in 1980. With the world price for crude now as low as \$27 a barrel, Angola faces a substantial budget deficit. The financial committee of the Angolan People's Assembly (parliament) has been summoned to seek ways of reducing the budget deficit and Mr Ismael Martins, the Finance Minister, said that raising a foreign loan "could not be excluded."

Maputo training pact

BY OUR FOREIGN STAFF

MOZAMBIQUE is to send military personnel for training in Portugal, the former colonial power, as part of an agreement signed in Maputo earlier this week.

The agreement, the first of its kind Mozambique has signed with a Western country, came at the end of six days of talks between a high-ranking Portuguese military delegation and Mozambique's defence staff.

The Portuguese team was headed by Gen Manuel de Souza Nemezes, who said before leaving for Lisbon that the groundwork for the accord had been laid in talks between Mozambique's President Samora Machel and President Antonio Ramalho Eanes of Portugal last November. The agreement covered training for Mozambican personnel in Portuguese military colleges and could mean Portuguese military instructors working in Mozambique in future. The Mozambicans want to be able to counter the threat of the National Resistance Movement (RNM), a guerrilla group that Maputo says is armed and financed by South Africa.

Another U.S. bank... Bankers' Trust has also offered Angola a small credit line, according to bankers. Both banks took part in a \$50m loan to the Angolan subsidiary of Gulf, the U.S. oil company, in 1981.

Businessmen here say that a spending spree which followed the rise of crude prices in 1980 has been halted. One businessman said all new projects had been frozen.

The foreign exchange crisis led the authorities to call back the Portuguese to put port machinery in working order. The former East German management was quietly dispensed with and disciplinary measures that would earlier have been condemned were introduced.

Decongestion of the port was also greatly helped by what the authorities call the rationalisation of imports. Reduced imports of basic goods, particularly food, also forced Angola to seek the help of the Portuguese in reviving agricultural production less than seven years after they were driven out. Reuter

Britain will use minimal force—Hurd

By John Wyles in Strasbourg

THE PARLIAMENTARY Assembly of the 21-nation Council of Europe was told by a senior British Foreign Office Minister in Strasbourg yesterday that, if necessary, the UK would use "minimal force" to assert its rights over the Falkland Islands.

Amid multiplying reports of an imminent British invasion of the islands, Mr Douglas Hurd, Minister of State, Foreign Office, claimed that Britain's capture of South Georgia and its declaration yesterday of a total exclusion zone around the Falklands from tomorrow, was not intended to halt the search for a negotiated settlement.

"It was intended to show beyond any doubt that Britain cannot meekly acquiesce in the seizure of British territory and the colonisation, for that is the accurate word, of British subjects."

Asked whether Britain would have any other option but to use force if there was not settlement in the next few days, Mr Hurd replied: "The diplomatic and military side of our efforts have to march in harmony."

"But we have no intention of abandoning our rights of self-defence. We are exercising them with precision, to minimise casualties."

Mr Hurd arrived in Strasbourg yesterday as a last-minute deputy for Mr Francis Pym, the Foreign Secretary, who had been due to deliver a report as Chairman of the Council's Ministerial Committee.

Mr Pym had decided to stay in London, Mr Hurd said, because "the crisis and the diplomatic negotiations are in a particularly delicate stage. Events are moving quickly."

The Minister's speech to the Assembly was the fullest public account of Britain's aims over the Falklands yet delivered in continental Europe.

He laid particular stress on the Argentine assault on a "peaceable and democratic people" as one by a "powerful neighbour whose government is characterised by its contempt for democratic institutions and human rights."

Crisis puts further doubt on Nissan decision

BY CHARLES SMITH, FAR EAST EDITOR IN TOKYO

NISSAN MOTOR Company's executive vice-president, Mr Masataka Okuma, has cited the Falklands crisis as the reason for a further delay in his company's decision on whether to go ahead with its UK motor manufacturing project.

Mr Okuma said the Falklands issue would make it difficult for Nissan to take up with the British Government one or two outstanding issues related to the project.

He was also reported as having said that the affair might damage the UK economy, but Nissan officials subsequently denied that any such statement had been made.

Mr Okuma visited London in January for what were to have been final negotiations with Britain on the terms under which the factory will be built. The negotiations apparently failed to produce the results Nissan had been hoping for and the company was left facing a delicately balanced decision on whether or not to go ahead.

Mr Takeshi Ishihara, Nissan's president, is believed to be still strongly in favour of making cars in Britain. But an influential group within the company, headed by Mr Katsujiri Kawamata, the chairman, is against the project.

Mr Kawamata is believed to take a much more positive view of the Taiwan motor manufacturing project for which Nissan has submitted a proposal, but in which Toyota is also interested.

Nissan executives were hinting a month ago that if their company was successful in its bid to build cars in Taiwan it would probably withdraw from the UK project. At present, however, Toyota appears to be the favourite for the Taiwan plant. A decision by the Taiwan Government on which of the two Japanese companies it favours could come at any moment.

Apart from its worries about the Falklands, Nissan is concerned by reports that Japanese cars built in Britain will be denied free entry to the Italian market. Italy limits its imports of cars from Japan to 2,400 units a year under a long-standing agreement.

It has been suggested that both the B.L. Acclaim—built to designs provided by Honda—and cars built at the projected Nissan factory might be classified as "Japanese cars" by the Italian authorities and therefore subject to import restraints.

THE FALKLANDS CRISIS

Envoy of peace in Argentina

BY JIMMY BURNS IN BUENOS AIRES

PEACE IS not a word you hear often in Buenos Aires today. It has gone out of the window at army headquarters, been carefully controlled at the Foreign Ministry, and was trampled on unequally by an aggressive pecked rally on Moody night.

To find it you have to go to the city's old quarter—where 150 years ago British troops were trapped by the local militia—and knock at the door of an inhospitable colonial building covered in dust and peeling posters.

Only a small sticker with the words "Service of Peace and Justice" reminds one that these squatters' quarters are the offices of the Argentine architect, sculpture and Nobel Peace Prize winner, Sr Adolfo Perez Esquivel.

In many ways Sr Esquivel is an easy caricature. He has an off-colour polo-neck sweater and carelessly brushed, longish hair. His Spartan room contains a statue of Gandhi, a photograph of Pope John Paul II and a framed tribute to the assassinated Archbishop Romero of El Salvador. Almost everything suggests the image of a Third World liberation priest.

A few months ago Sr Esquivel received a death threat against himself and his family, which forced him temporarily to leave the country. Before that, he was imprisoned for 18 months by the military regime on suspicion of having contact with the country's left-wing guerrilla movement at a time when he was seeking representation for the many Argentine families whose sons and daughters had been caught in the crossfire between 1975 and 1979.

He recognises that the decision to invade the Falkland Islands on April 2 was essentially a military one and that the Argentine people were not consulted. Even now he says the majority of the civilian population remains ignorant about the real nature of Government manoeuvring.

For the last three weeks Sr Esquivel has turned his campaign efforts towards trying to explain the Argentine case and avoiding all-out war. He has sent telegrams to Mrs Thatcher and the Queen and travelled to Washington to try to moderate tempers at the United Nations.

"Remember that as far back as 1960 the United Nations General Assembly approved Resolution 1514, which calls for an end to colonialism," he says—without any doubt as to who has been colonising in the South Atlantic.

As for human rights, he is sure that those of the Falkland Islands on April 2 were respected—"Argentina has made great efforts to improve their wellbeing."

'Imperial' jibe from Moscow

By Anthony Robinson in Moscow

THE SOVIET UNION has stepped up its criticism of Britain's role in the Falklands dispute with a tough article in the party newspaper Pravda accusing Britain of "pursuing an adventurous course of increasingly dangerous escalation."

The article, written by the paper's London correspondent, was the first critical assessment of developments since the re-occupation of South Georgia on Sunday.

"London's stubborn aspiration to resolve the conflict by military force logically stems from the overall military course of the present Government, which came to power under the slogan of reviving the imperial grandeur of Britain," it added.

The imperial theme is much in vogue. It reflects a certain astonishment about the determination shown by Britain in this dispute and also fits in with the official view that Argentina "has fallen victim to outside attack" by an arrogant colonial power aided and abetted by a U.S. seeking to turn the crisis to its own ends.

There is no word in the Soviet analysis of the crisis about the "right of self-determination" of the inhabitants of the Falklands, although this usually looms large in Soviet championing of victims of colonial oppression.

Instead the Soviet Union appears to be using the crisis as a means of re-establishing its own credentials as a defender of the rights of the third world countries.

No-strike call at MoD

THE Falklands crisis reinforces the need for a no-strike agreement for civilian defence staff, according to the Ministry of Defence Staff Association, Philip Bassett writes.

The association, a breakaway union formed out of dissatisfaction with the 21 weeks of strikes mounted last year over pay by the Council of Civil Service Unions, says that the crisis highlights the close inter-relationship between servicemen and civilians. Mr Tom Lawson, MoD's secretary, said: "The current naval task force could never have been assembled without the enormous and wholehearted efforts of MoD civilians."

Bail denied to 'spy' journalists

By Andrew Whitley in Buenos Aires

THREE BRITISH journalists detained in the southern Argentine town of Ushuaia on charges of espionage have been denied bail. They now face a further month in jail before being brought to trial.

Simon Winchester of the Sunday Times and Ian Mather and Tony Prime of the Observer have already spent two weeks in jail in Ushuaia, Tierra del Fuego, after being arrested near a major Argentine air and naval base at Rio Grande.

No date has been set for the main trial. A preliminary hearing last week decided that sufficient evidence existed to justify charges brought by the Argentine Navy, which exercises jurisdiction in the area.

The three journalists, who include an Observer photographer, were accused of taking pictures of military aircraft and detailed notes of airbase proceedings. Simon Winchester had earlier been expelled from the Falkland Islands after being caught up in the invasion on April 2.

The application for bail was turned down on the grounds of a "threat to national security" if they were released and the "social repercussions of the crime."

In the present heated national atmosphere, defence lawyers are unlikely to press for an early trial. Under normal circumstances the trial could take place in three weeks to a month's time.

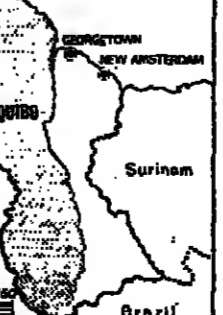
If found guilty, the three face minimum two year sentences. With full remission, which would include the time they have already been in prison, they could be released after serving eight months.

Colleagues who recently visited them in jail say the three men are being well treated. They are held together in one large cell, and are being allowed to play to a short wave radio and play table tennis.

Ironically, on April 19, shortly before Mr Alexander Haig began his peace mission, Sr Rodrigo Balcarcel, the presidential spokesman, told a Press conference for foreign journalists that they were free to travel anywhere they liked in the country and would be given all assistance.



Sr Esquivel meets deprived children during a visit to Brazil



Map of the Falkland Islands region showing the islands and surrounding waters.

Handwritten note in Arabic script: "تكملة من الاصل"

India's trade deficit widens

### Poor countries 'run pharmaceutical deficit of \$4bn'

BY SUE CAMERON, CHEMICALS CORRESPONDENT

THE WORLD'S poor countries are running a pharmaceutical trading deficit of some \$4bn (£2.2bn) a year with the developed nations of the North, according to a report by the Office of Health Economics, the research arm of the Association of the British Pharmaceutical Industry.

The report — Medicines, Health and the Poor World — says the latest available figures show that in 1980 the world consumed \$80bn in medicines in terms of manufacturers' prices. The developing countries accounted for around 20 per cent of this.

Yet the poorer nations account for only some 10 per cent to 15 per cent of the world's medicine production. And even here, drug production in the developing countries is concentrated in Latin America and Asia which manufacture almost 75 per cent of their medicines domestically.

The report, published yesterday, says Western Europe, Japan and the U.S. account for around 60 per cent of the world's drug production while the developing countries account for roughly one-third of all medicines imported.

But the report says these statistics have sometimes been used misleadingly to "suggest that Western pharmaceutical houses are dependent on the less developed countries for their profits and general financial viability." The report uses data from the UK pharma-

ceutical industry to argue that such claims are "false."

It says that in 1980 total UK pharmaceutical production was £2.2bn, with some £750m of this being exported. Half of these exports went to European Community countries, 14 per cent to other industrialised nations and around one-third to developing countries. UK drug exports to developing countries, it says, represented only one-ninth of total British production. The report adds:

"It is of note that oil-producing countries, including those of the Middle East, were the main purchasers. Under 5 per cent by value of British exports of medicines went to low-income countries."

The Office of Health Economics says its data "suggest a very much more reassuring picture of pharmaceutical industry activity in the third world than is commonly presented."

But it goes on to admit that the picture is still not "an entirely acceptable one."

"It may be asked whether it is desirable that the world's poor majority pays in the order of \$4bn to the rich communities of the North... for its medicines," the report says.

"Similarly questions arise as to whether or not it is acceptable that people in the North can afford over \$70-worth of medicines per capita per annum whereas in the South consumption is \$5 or less per head."

### Japanese 'should make cars in U.S.'

By Paul Chesworth, World Trade Editor

THE JAPANESE motor industry yesterday came under increased pressure to extend its manufacturing capability in the U.S. The industry must "put jobs where their sales are," Mr Douglas Fraser, president of the U.S. United Auto Workers, said in Tokyo.

To ward off protectionist legislation, the Japanese industry should "act in a more responsible manner," Mr Fraser told the American Chamber of Commerce.

There is "mounting momentum" in the U.S. Congress for local content legislation, Mr Fraser noted. Such legislation would require a percentage of car parts to be made in the U.S. relative to the amount of Japanese cars sold on the U.S. market.

A Bill to this effect has been introduced into the House of Representatives by Mr Richard Ottinger, a New York Democrat, and into the Senate by Mr Wendell Ford of Kentucky. Their proposal is one of about ten which would affect, if passed, the sale of Japanese cars in the U.S.

The idea of specifying a percentage of local content for imported cars has been a favoured theme of U.S. main leavers for some time.

In July last year Mr Lane Kirkland, president of the American Federation of Labour and Congress of Industrial Organizations, advocated the same course.

"The U.S. needs to adopt such content laws for essential industries or it will become an assembler of foreign-made parts," he said.

So far, the response of the Reagan Administration to such specific measures has been frosty. Although last year it persuaded Japan voluntarily to restrain sales for three years, it has stated that this is not a precedent for further restriction.

Indeed, one focus of U.S. trade policy has been to seek the elimination of local content measures in other countries, classifying them as an impediment to investment and a non-tariff barrier.

"Our objective is to obtain a consensus (internationally) on rules to restrict the imposition of performance requirements," Mr William Brock, the U.S. Trade Representative has stated.

Administration officials in Washington contend that the current interest in local content measures for the car industry springs largely from Democrats actively involved in this year's congressional elections. Senator Ford, they noted, is chairman of the Democratic Senate Campaign Committee.

A local content bill is thought more likely to pass in the House than in the Senate, although it is admitted that the mood is volatile. Senator Ford's bill has been referred to the Commerce Committee where the chairman is Senator Bob Packwood, a Republican from Oregon.

He is described as a free trader with the power to kill the bill. But the idea behind the bill reflects widespread irritation in the Congress about Japanese trade policy. That irritation has also emerged in legislation designed to ensure reciprocal market access.

### Britain to import Mitsubishi cars built in Australia

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

CARS BUILT by the Australian subsidiary of Mitsubishi of Japan are to be imported to Britain by a new company, the Londale Car Company.

If the arrangement is successful it could lead to other importers of Japanese cars buying from Australia to overcome the problems created for them by the "voluntary" restrictions on vehicle shipments.

To comply with Australian regulations the cars have an 85 per cent local content, measured by manufacturing cost. In the circumstances it will be difficult for the UK industry to claim that "Japanese" cars are being brought in through the back door.

However, the UK Society of Motor Manufacturers and Traders said last night that, as it appeared Australian cars were to be brought into Britain in some volume, "we will be looking again to see whether it is fair for the UK to remain the soft market for cars from highly protected markets."

The Australia cars will attract a 10.6 per cent duty in Britain, whereas the duty on British cars shipped to Australia starts at 57 per cent. Also Australia restricts built-up car imports to 20 per cent of the total market.

Any car exports Mitsubishi makes from Australia will gain credits under the Government's

export incentive scheme and allow the company to import—mainly from Japan—duty-free cars and components.

Both Toyota and Nissan are among the manufacturers with Australian assembly plants—the others are Ford and General Motors.

Toyota's importer in Britain is an Incheape Group subsidiary and it said last night it would be watching developments and might well follow Mitsubishi's lead.

However, Nissan's UK importer, Datsun (UK), maintained it had looked at the potential for importing Australian-built cars some time ago and decided it would not be economic.

Mr Michael Orr, chairman of Londale, insisted, though, that the Australian cars could be priced competitively against Ford in Britain.

He said Londale hoped to sell 6,000 of the Australian cars next year, starting in April.

Mr Orr is also chairman of the Colt Car Company. But Mr Orr insisted that there is no financial involvement by Colt or Mitsubishi in Londale. He would not reveal the names of the financial backers who will put up in the region of £500,000 starting capital.

Mr Orr said the new arrange-

ment would benefit Colt dealers in Britain by giving some of them a second franchise (Colt had hoped to win the import concession for Hyundai cars from Korea but this went to another concern.)

At the same time, the deal would provide increased volume for the Mitsubishi plant near Adelaide. Currently the plant has the capacity for around 50,000 a year. It imports electronic components and panels from Japan but produces its own engines.

The cars are closely related to the Mitsubishi Sigma range. Londale will offer a range of ten with engines ranging from 1.6 litres to 2.6 litres.

### Indian textile crisis deepens as strike goes on

BY ALAIN CASS, ASIA EDITOR

INDIA'S TEXTILE industry—the country's highest foreign exchange earner—is facing its most serious crisis in a decade.

The strike called by Dr Data Samant, Bombay's maverick trade union leader, which has closed all the city's 60 mills employing 250,000 workers, has entered its fourth month with no immediate settlement in sight.

Bombay accounts for 40 per cent of India's total production and 60 per cent of the industry's exports. Losses in foreign earnings so far are estimated at around \$40m (£22m), of these one third are contracts which have been cancelled and are unrecoverable. These include big orders from Brazil, China and Pakistan.

The industry hopes that some of the remaining orders can be salvaged when the strike is ended, but this is by no means certain. One executive said: "India is losing its credibility abroad as a reliable supplier. That's the message we're getting from our agents."

The Indian Government is

also becoming increasingly concerned at the wider economic effects of the stoppage. India faces a yawning trade gap and has recently had to draw down part of its IMF facility earlier than expected to cover dwindling foreign exchange reserves.

The Government in Delhi is proposing to set up a committee to investigate the state of the textile industry across the country. The Maharashtra state government plans to set up its own committee to "investigate the workers' grievances."

The hope is that this will lure workers back without recognising Dr Samant, who is now regarded as a major threat to industrial relations in the state.

The government may also be faced with rescuing mills which go bankrupt as a result of the strike. Up to 15 plants—25 per cent of the total number in Bombay—could go out of business. The government already runs 125 mills across India which would have otherwise had to close down.

The strike was called in the

middle of January by Dr Samant, an unofficial trade union leader with a record of getting big pay increases for workers through strike action and, according to his opponents, intimidation and violence. Dr Samant denies this.

Bombay's disaffected textile workers were then—and remain officially—members of the local branch of the Indian National Trade Union Congress (INTUC). They switched their allegiance overnight in response to Dr Samant's strike, walking out on existing pay agreements.

INTUC is affiliated to the ruling Congress (I) Party of Mrs Indira Gandhi, the Prime Minister. Whatever the eventual outcome of the strike, it is clear that INTUC has been dealt a major body blow.

The government has so far resisted intervening. Initially it urged the mill owners to stand firm, though it may now try to nudge them towards a settlement. However, it may decide to go for punitive action against what is an unofficial

union. The mill owners are refusing to negotiate and insist they will not change their minds. On Monday, they threatened to move the factories out of Bombay and start afresh with a new workforce unless the strike is called off.

Although this is not a plausible threat, it is an indication of the deep feelings against Dr Samant, whom they regard as a dangerous interloper.

Last week, India's two Communist-dominated trade unions, which had previously opposed the strike largely because they saw Dr Samant as a threat to their own position, did a volte face and swung behind the stoppage calling a one-day general strike in Bombay.

At the same time, the price of textiles has risen and stocks are virtually depleted. In the last week, traders in Bombay report a 10 per cent rise in prices.

Mrs Gandhi (right): unions attached to her party



Trevor Humphries

### Coal 'could save industry £24bn in bills by 1990'

BY OUR CHEMICALS CORRESPONDENT

THE POTENTIAL for manufacturers in the industrialised countries to switch from oil to coal is far "greater than hitherto realised," according to a report released by the International Energy Agency yesterday.

The report estimates that industry's fuel bills could be cut by as much as \$49bn (£24bn) by 1990 if more oil were replaced with coal.

The report, written by a group from the agency's Coal Industry Advisory Board, forecasts that manufacturers in the industrialised countries could be using as much as 1bn tonnes of coal a year by the end of the century.

Up to now, the highest projections for industrial coal use by the year 2000 have been under 800m tonnes a year.

The report stresses that industrialists will only switch to coal on this scale if governments help with "subsidies, tax concessions and low-interest loans to encourage conversions."

The report explains that despite the substantial reductions in fuel bills that manufacturers can expect if they

switch from oil to the cheaper coal, many are deterred by the heavy capital costs involved in converting their equipment.

"At the heart of the problem furnaces which are committed to oil and gas and turn over very slowly," it says. "The decision to convert is a balance between fuel and other operating costs and the capital required."

The report adds that cash flow considerations frequently require fast paybacks—often only two years—before manufacturers will decide to convert to coal.

There would be more conversion to coal if government incentives made it possible for the high cost of investment to be spread over five years.

The International Energy Agency has been encouraging "greatly increased coal use" since 1979, following the Iranian revolution and the subsequent world oil crisis.

"The Use of Coal in Industry," Report by the Coal Industry Advisory Board; International Energy Agency, 2, Rue André Pascal 75775, Paris Cedex 16, France.

### French supply generators to Brazil hydro plant

BY OUR FOREIGN STAFF

CREUSOT-LOIRE, the French steel and heavy engineering group, has announced that two of its subsidiaries have signed a FF 350m (£35m) contract to provide generators for Brazil's Samuel hydroelectric plant.

The company said that Centrals Electricas do Norte (Electronorte) awarded the contract to a group of Brazilian and French construction companies led by Mecanica Pesada, Creusot's Brazilian unit. Neyrpic, another group member, also will participate. The plant will have a generating capacity of 220 MW, and is being built on the Jari River in the Amazon region.

The order was one of several overseas deals announced by French companies.

Speichim, a chemical engineering company, has signed a contract to build an alcohol distillation plant in Tanzania at which anhydrous alcohol, distilled from sugar cane molasses, will be mixed with gasoline to produce gasohol. The plant will have

a capacity of 10m litres a year and will be financed under a protocol signed by French and Tanzanian Governments.

Bouygues, the public works and construction group, said its subsidiary, B. G. Engineering, has set up a joint venture in association with Earl and Wright, a subsidiary of Sedco Incorporated of Texas. The new company will specialise in the development of onshore and offshore oil industry technology, especially design of steel or concrete structures and equipment used in exploitation of gas and liquid petroleum products.

Compagnie Generale d'Electricite (CGE) is heading a consortium of companies to supply FF 350m (£35m) in electromechanical equipment under a contract awarded to CGE by Makmalport, Albania's import agency. Delivery of the equipment, for use in a 600 MW hydroelectric plant being built on the Drin River, will be spread over the next six years. Consortium members are CGE-Alsthom Atlantique and Neyrpic.

### More talks likely on flags of convenience

GENEVA — The United Nations will probably need a second round of talks before moving ahead with plans to restrict the foreign registering of ships, delegates to a meeting on flags of convenience said yesterday.

The 17-day talks in Geneva, due to end this week, have given Western states the first detailed view of how Third World countries think flags of convenience can be phased out, they said.

But discussions have not bridged the gap between the developing countries, which see foreign-registered ships as unsafe and unfair competition for their own fleets, and the industrialised states.

"The industrialised countries want to make the flags of convenience more respectable while the Third World wants to abolish them altogether," said one West European delegate in the talks sponsored by the UN Conference on Trade and Development (Unctad).

This continuing disagreement should make another round of technical discussions necessary before a UN conference proceeds to draw up a convention restricting flags of convenience, delegates said.

Critics of flags of convenience, which account for 28 per cent of all world shipping, say the loose registration requirements in Liberia, Panama and other countries with open registries allows foreign ships registered there to cheat labour and safety laws.

Reuter

### U.S. doubles imports of petrol from China

WASHINGTON—U.S. imports of petrol from China more than doubled last year to \$238.7m (£143m), the U.S. International Trade Commission (ITC) reports.

China was eager to increase its earnings of hard currency, the ITC explained, so it did its best to ship its highest value goods. Crude oil exports from China to the U.S. declined, however.

China expects to increase its petroleum product exports even more after 1985, when offshore wells, being developed with the help of U.S. companies, come into production.

The increase in petrol exports helped keep China, the most important supplier to the U.S. in the Communist world. It sent \$1.3bn worth of goods to the U.S. in 1981. The Soviet Union, which had been the leading shipper in 1979, fell back to fourth place, behind Romania and Poland.

China also increased its exports of clothing and textiles to the U.S., a development that has the U.S. industry worried. Last year U.S. clothing imports from China amounted to \$342.2m, six times as much as in 1978. U.S. trade with the communist countries rose by 13 per cent to \$11.2bn overall in 1981.

AP-DW

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UK NEWS

Wales remains a magnet for the gold hunters despite 128 years of broken dreams. Carla Rapoport explains

A WELSH gold mine, which for 70 years has produced little more than a few royal wedding rings, is about to be commercially developed.

The Magnet group operates a number of gold mines in Australia and claims to be the largest holders of gas and oil acreage on- and offshore Australia, with a total of 130m acres.

mosty lost, out of the rambling hills, providing a history as rich as any of its gold. The precious stuff was officially discovered in Wales in the course of mining something much more mundane.

I don't think I'm in love with the idea of gold... I think I can make a commercial success of it

believes it can make a profit on Welsh ground. Since 1854, however, the territory has yielded little but shattered dreams.

As long as we stay with the richer rock and use godam techniques, says Mr Charles Wyatt, a director of Carnarvon and Monarch Petroleum, part of the Magnet Group.

Mr Wyatt explains that the gold in Wales is notoriously patchy, with the quantity of Welsh gold per tonne of Welsh rock varying enormously.

According to Mr G. W. Hall, the author of "Gold Mines of Merioneth", the expert, Mr Arthur Dean, "satisfied himself of the existence of a whole system of auriferous quartz veins ramifying through the mountains of North Wales".

Two important discoveries, however, revived hopes in 1860 and soon after Britain's only gold rush erupted. Properties not worth a fish-kettle two years earlier began to fetch thousands of pounds.

redundancies which are expected among the 7,000 labour force. However, shipbuilding unions in Belfast believe that a further cut in the labour force will be announced by the middle of the year.

the death blow to the district. By the end of the decade, the area was a ghost town.

From that time until World War I, the mines were exploited by various groups but with limited success. Still according to Carnarvon, the Clogau St Davids Gold Mine, the areas richest, produced 120,000 fine ounces between 1854 and 1914.

Following World War I, the List of Mines shows that a Mr C. T. Owen worked the area in 1919-20, followed by Garth Gell Exploration Syndicate in the later 1920s.

Since the war, various entrepreneurs have been bashing away, although on a small scale. A group which held the lease until recently apparently produced gold worth £25,000 in the first six months of 1981.

The mines, of course, have never been far from the public's eye since World War I. Clogau St Davids supplied the wedding ring gold for Queen Elizabeth.

Hedderwick liquidator pays out 35p in £

THE liquidator of Hedderwick Striding Grumbar, the failed stockbroker which crashed with a £1m net deficit last year, has paid out a further 35p in the pound to the firm's creditors.

Since the war, various entrepreneurs have been bashing away, although on a small scale

already used for testing RAF aircraft. "One or two more booms shouldn't make much difference," he says.

Carnarvon is counting on a new "biogeochemical" process under development at Chelsea College in London to give a boost to the company's stamping work.

The company expects that new mining could be under way by the end of the year.

Aid for Harland this year to be £47.6m

BY OUR BELFAST CORRESPONDENT

THE GOVERNMENT is providing £47.6m of continued support in 1982-83 for the State-owned Harland and Wolff shipyard.

He emphasised that the money-losing shipyard must demonstrate that such a level of support was justified.

heavy burden on public funds could be progressively reduced. Mr Prior, in a Commons written reply, said that in return for the support of this financial year Harland and Wolff "would take all steps necessary to reduce its operating costs and improve efficiency."

The funding limits announced by the Government indicate the company's expectation of a continuing low level of financial performance, mainly as a result of the shortage of shipbuilding and marine engine orders.

The order was placed by a company in the Lombard North Group, a part of the National Westminster Bank group. The ship, to be completed early in 1984, will be chartered by British Steel.

Dr Vivian Wadsworth, the chairman, has said that he is optimistic that further orders will shortly be won, and that this will ease the number of

redundancies which are expected among the 7,000 labour force.

However, shipbuilding unions in Belfast believe that a further cut in the labour force will be announced by the middle of the year.

Since the shipyard was taken into full public ownership in 1978 the Government has committed more than £215m of assistance to the company.

De Lorean debt case adjourned

STRATOFLEX (UK), a supplier to De Lorean Motor Cars, yesterday petitioned Ulster High Court for a winding up of the sports car assembly company.

Ulster plans £100m change to coal-fired power generation

NORTHERN IRELAND'S electricity service is expected to tell the Government soon that the best way to reduce the province's heavy electricity subsidy would be to convert its biggest power stations from oil- to coal-burning, at a cost approaching £100m.

looks into the possibility of linking the province by under-sea power cable to coal-fired stations in Scotland. A third option would be to build special power stations to burn Ulster's large deposits of lignite.

conversion, now about 500,000 tonnes a year, by more than 1m tonnes. The danger of disruption by terrorists is expected to be one of the report's main objectives.

R-R warns of losses over axing of TriStar

BY LYNTON MCLAIN

ROLLS-ROYCE, the state-owned aero-engine maker, could lose from £250m to £300m turnover and between £50m and £70m profits annually in the late 1980s as a result of Lockheed's decision to stop production of the TriStar airliner.

Mr John Titheridge and his wife Joyce were committed trial yesterday on summons issued by the Trade Department under the Companies Act 1980.

Mr Titheridge is accused of offences relating to dealings by Mr Titheridge in securities of Joseph Stocks and Sons. When the offences are alleged to have occurred Mrs Titheridge was a secretary at Hill Samuel, the merchant bank, which had a business relationship with Stocks.

Open tender call on satellite television. A SYSTEM of open tender for direct-satellite broadcasting channels was called for last night by Lord Windlesham. He said the last scramble for ITV contracts was the epitome of amateurism.

RDL sale to go ahead despite unions

BY MAURICE SAMUELSON

THE controversial £10m sale of British Steel Corporation's engineering subsidiary Redpath Dorman Long to the Trafalgar House Group will be completed today in the face of defiant threats of further opposition by trade unions.

The sale will proceed even though, by last night, the Office of Fair Trading had not yet decided whether to advise that it should be referred to the Monopolies and Mergers Commission.

Opponents of the sale have argued that since Trafalgar House already owns Cleveland Bridge and Engineering, it would create a monopoly in heavy steel structure fabrications.

Immediately after a stormy meeting with Mr Ian MacGregor, ESC chairman, some union officials rushed to the House of Commons to lobby Labour MPs. The nine RDL unions represent 3,200 employees.

Developer may buy Speke car plant

BY ANDREW TAYLOR

BL CARS may have found a buyer at last for its former Triumph plant at Speke, near Liverpool. Most of the plant has been empty since 1978 when TR7 assembly transferred to Coventry.

BL declined to comment on an impending sale. Negotiations with a local private developer named Merseyride Developments are understood, however, to be at an advanced stage.

The plant complex 1.2m sq ft in three main buildings and stands on 112 acres.

The car-maker originally sought £10m for the site but the eventual sale price is expected to be somewhat less, given the depressed state of Mersey's industrial property market.

Financial aid

More financial support would also be needed to help fund new aero-engine developments if the business did become profitable, he said.

Rolls-Royce is still talking with Japanese and U.S. companies about the development of the RJ-500 jet engine. This has so far been financed by a joint company, Rolls-Royce Japanese Aero-Engines.

Rolls-Royce has shared the work with three Japanese aero-engine makers, Ishikawajima-Harima Heavy Industries, Kawasaki Heavy Industries, and Mitsubishi Heavy Industries.

Development. Total development of a new engine could cost up to £150m (£850m), Lord McFadden told the committee.

Development. Total development of a new engine could cost up to £150m (£850m), Lord McFadden told the committee. "It is beyond the capacity of any one company to fund this scale of development," he said.

£7m private hospital plan

BY MARK MEREDITH, SCOTTISH CORRESPONDENT

AN AMERICAN company, which owns and runs 368 hospitals worldwide, most of them in the U.S., revealed plans yesterday for a £7m private hospital in Edinburgh.

Hospital Corporation of America, based in Nashville, Tennessee, said it would seek planning permission from Edinburgh District Council to build a 76-bed general hospital in the western suburbs.

The proposal was likely to meet with opposition from the Health Service trade unions, which are against the growth of private medicine.

Mr Arr Ouellette, "director of operations" of HCS United Kingdom, said preliminary studies based on interviews with "members of this medical community" indicated a shortfall of 100 private beds by 1984 in a 20- to 25-mile radius "catchment area" around Edinburgh.

Accounts policy changed

BY DUNCAN CAMPBELL-SMITH

TREATMENT of associated companies in consolidated group accounts will be amended following the publication yesterday by the accountancy profession's main watchdog body of a revised formal stance on the whole issue of accounting for associated companies.

A primary consequence of the change will be that goodwill items on a consolidated balance sheet which arise from purchase of equity in associate companies will be exposed in future to any recommended changes in the overall accounting treatment of goodwill.

Gas supply deal signed

BY RAY DAFTER, ENERGY EDITOR

BRITISH GAS Corporation and three North Sea oil consortia yesterday signed a deal to provide the UK with new supplies of natural gas.

The gas, produced in association with crude oil, will be supplied from next year at a maximum rate of about 60m cu ft a day—almost 1.5 per cent of the corporation's present average requirement.

It will come from the Magnus (British Petroleum), Murichon (Conoco) and Thistle (British National Oil Corporation) fields in the northerly sector of the North Sea.

Gas supply deal signed

will pay a price linked to a reference level of 18.5p a therm, but escalation clauses in the contracts mean the present price is just over 19p a therm.

This is almost twice the average it pays now for North Sea supplies.

The increase reflects the higher development costs of fields in this sector and takes into account a more competitive spirit for gas marketing in the UK.

British Gas, which could be running short of supplies by the 1980s, is aware that under proposed legislation it will no longer have the monopoly right to buy North Sea gas.

Lothian faces £45m cut in rate support grant

BY MARK MEREDITH, SCOTTISH CORRESPONDENT

MR GEORGE YOUNGER, Secretary of State for Scotland, has informed Labour-controlled Lothian Regional Council that he proposes to cut £45m from its rate support grant because of over-spending plans.

His move points to a repetition of a protracted and angry battle between the two sides last year which ended with Lothian cutting £50m off its spending after Mr Younger took similar action to cut its grant. The council yesterday showed

it was not daunted by the prospects of another struggle and said the Secretary of State's action was an attempt to crush local services and was against the interests of local government democracy.

Lothian has a budget this year of about £400m and was due to receive a rate support grant from the Scottish Office of £173.2m.

current Government expenditure guidelines. Average expenditure per head, at £454, was higher than the £401 average for regional councils.

He also informed Stirling District Council that it could lose £1.5m from its rate support grant because of a budget £2m above central government guidelines.

returning money to the rate-payers through negotiations before the final act of submitting a report to parliament empowering the Secretary of State to make the rate support grant cuts.

The councils are invited to defend their expenditure levels, and only if there is no success in persuading them to make reductions is a report placed before the House of Commons.

regional elections. Mr Eric Milligan, the financial controller, said there would be a stout defence of Lothian's spending. Any cuts would have serious effects on jobs throughout the region, he added.

The private sector would also be hit, according to Mr Milligan, since the council would be unable to undertake many of its planned works using private contractors.

Galaxy aircraft

Pratt and Whitney, General Electric and Rolls-Royce have all come to the conclusion that no single company is likely to be able to take on new engine projects alone, he told the committee.

"One additional partner is needed for the RJ-500 programme and that could be P and W or General Electric because there is no other group to join the project."

Lord McFadden was asked about the prospect of a sale of Rolls-Royce to the private sector. It was not possible to say whether or not privatisation would succeed, he said.

But "there is no reason why Rolls-Royce could not go private if the company is in the same position as its U.S. competitors," he said.

Norwest Holst to build Welsh plant

THE Welsh Development Agency has awarded a £2.5m contract to Norwest Holst Construction of Cardiff to build the first advance factories at its Baglan Industrial Park, near Port Talbot.

The contract is for five 25,000 sq ft units, providing space for about 500 jobs. The estate is being developed as part of the agency's programme to provide job opportunities for steelworkers made redundant at Port Talbot.

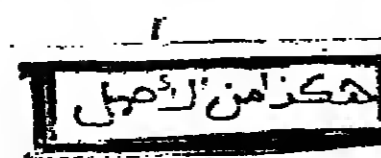
Councils 'apathetic' on race harmony

TOO MANY local authorities are still apathetic towards achieving racial harmony, Mr David Lane, chairman of the Commission for Racial Equality, said yesterday.

He was speaking at the launch of a 'commission booklet, Local Government and Racial Equality, which outlines how councils can work to eliminate unlawful discrimination in areas such as housing, employment, education and social services.

Higher overseas earnings expected

THE OVERSEAS net earnings of seven UK service industries are expected to grow by about 5 per cent to 6 per cent in current prices terms this year compared with 1981, according to the 11th annual survey of overseas earnings by the Committee for Invisible Exports.



Vertical text on the right edge of the page, including 'Cos clos', 'Private', 'Guide', 'PUBLIC', and 'GOVERNMENT'.

## Costs appeal in closed shop case

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

A DISPUTE over legal costs seem certain to cause the three British Rail closed-shop victims to return to the European Court of Human Rights, Strasbourg. They are dissatisfied with the £65,000 costs element in the £145,000 compensation package they were offered by the UK Government.

They say that unless the costs offer is increased to about £100,000 they will have to part with some of their compensation to fulfil promises to repay the Freedom Association the money it spent supporting their claim. The Government is unlikely to offer more, especially as the European Human Rights Commission said the offer represented just satisfaction of the men's claims.

Last August, after a five-year legal battle, the Strasbourg court ruled that the men's sacking for refusing to join one of the rail unions was a violation of their rights under the European human rights convention.

Compelling the three to join a specific union or lose their jobs struck at the very heart of freedoms guaranteed by the convention, the court ruled by an 18 to three majority.

Since then, negotiations have been going on, under the aegis of the Commission, about the amount of compensation they should receive.

Mr Noel James claimed £57,280, Mr Ian Young £24,708 and Mr Roger Webster £13,114 for material losses—wages, pension rights and travel entitlements; and unspecified sums of moral damages to take account of the stress and anxiety suffered by them and their families and the damage to their reputations.

The Government has offered Mr James £51,215, Mr Young £19,626 and Mr Webster £10,076. None of them quarrels with those offers but they dispute the suggestion the costs offer is just. They claim that between them they need about another £55,000 if they are to repay the Freedom Association without dipping into their own pockets.

Mr Norris McWhirter, vice-chairman of the Freedom Association, said yesterday the association would not dream of holding the three to their signed undertakings to reimburse it, were the costs offer increased.

He said, however, that the men felt themselves honour-bound to repay supporters. They and the association were taking legal advice. The case would certainly return to the Strasbourg court if the Government did not meet the full costs claim.

Mr McWhirter said the court found the three had suffered injustice. It was arguable that in refusing to pay all their costs the Government was visiting an even greater injustice on them.

## Private contractors 'could save NHS £300m'

BY RAYMOND SNODDY

MORE THAN £300m could be saved by the National Health Service if estate management, laundry, catering, and porter services were put out to private contract, it was claimed yesterday.

Mr Michael Forsyth, Conservative Westminster City councillor, argued in a pamphlet "Reservicing Health," that such a saving, if invested in the NHS, would allow almost a 50 per cent increase in capital spending.

This was the equivalent of 52,000 kidney machines or 51,000 extra nurses or 17,600 extra doctors, he said in the pamphlet, published by the Adam Smith Institute.

Mr Forsyth, managing director of an advertising and public relations consultancy, said only 35 NHS hospitals used outside contractors for domestic services, only two for catering and none for portering.

"The NHS is preoccupied for a large part of its time, and a major slice of its budget, with activities unrelated to its major concern, and which are available efficiently and competitively from outside establishments," said Mr Forsyth.

NHS spending in England amounted to £11.1bn, with hotel and general services consuming £3bn and capital spending accounting for only £630m.

Mr Forsyth said that £300m was the minimum which could be saved in a year, based on the experience of putting local government work out to tender.

The scope for saving could be seen in the large variations between England's 14 regional health authorities in the cost of providing the same services. There was a 20 per cent variation in catering costs and a 45 per cent variation in domestic and cleaning costs, he said. South East Thames region employed 37 per cent ancillary staff per 100,000 of population more than East Anglia.

"The great strength of contracting out ancillary services," Mr Forsyth said "is that it makes higher standards attainable within a given budget."

"There is also less chance of nationwide industrial disruption in hospitals when ancillary services are provided by large numbers of competing firms."

Reservicing Health by Michael Forsyth, Adam Smith Institute, 50 Westminster Mansions, Little Smith Street, London SW1, £1.

## Guide to Health Service efficiency schemes issued

BY RAYMOND SNODDY

THE NATIONAL Association of Health Authorities in England and Wales yesterday issued a guide of 165 schemes used to promote efficiency or better service for patients in the Health Service.

The Index of Practice describes schemes, usually put forward by individual hospitals, which cover ways of reducing fuel bills, improving storage of medical records, or controlling drugs expenditure.

Essex Area Health Authority, for instance, has set up a small area transport service to deliver internal mail throughout the region.

Apart from substantial internal savings, at least £10,000 is being saved on delivery of supplies to independent contractors, the authority says.

In Winchester there has been a 25 per cent reduction in ambulance mileage because of a quota system which has reduced by 40 per cent the number of walking cases using ambulances.

About £30,000 has been achieved in the Medway Health District by changes in the purchase of cobalt for cancer treatment. Instead of buying one high and one low level cobalt source only the high level is bought and it is also used on low level machines when its power has deteriorated.

In Worcester annual savings of £26,000 will be made by transporting waste from various sites to one hospital for incineration.

Other schemes concentrate on improving the quality of service.

## PUBLIC NOTICES

### GOVERNMENT CONTRACTS ANNOUNCEMENT BY THE REVIEW BOARD

The Independent Review Board for Government Contracts is now embarking on the fourth comprehensive General Review of the profit formula used for non-competitive Government contracts, in accordance with the agreement between Government and The Confederation of British Industry. Additionally the Board is undertaking a major review of the arrangements which were introduced in 1969 for pricing non-competitive Government contracts.

The terms of reference of this review, agreed between Government and The Confederation of British Industry, require the Board to make recommendations concerning all aspects of the current procedures for non-competitive procurement. The detailed terms of reference can be obtained from the Secretaries on request.

The Board will take into consideration any written representations which are received before 30th September 1982.

Issued by:  
BINDER HAMLIN  
(Secretaries to the Review Board for Government Contracts)  
B St Bride Street  
London EC4A 4DA. Tel: 01-353 3020

## British Airways to decentralise its organisation

Michael Donne describes the new structure and the thinking behind it

BRITISH AIRWAYS' decision to create profit centres based on the airline's existing operating divisions should not be seen as an unscrambling of the airline into its former components, British Overseas Airways Corporation and British European Airways. It is more an attempt to decentralise the airline's principal revenue-producing operations.

Sir John King, its chairman, announced the new organisational structure yesterday. It will take effect on May 1. He made clear the intention is to put greater emphasis on profitability by giving managers of the new profit centres greater freedom to plan and to run the commercial activities for which they are responsible.

He stressed, however, that British Airways will continue to trade world-wide under a single name and display a single image. The main supporting services include engineering flight operations—responsible for all flying-staff—and finance, personnel, legal, public relations and central planning branches. These will all continue to be centralised and to serve the entire airline.

The main BA board will stay as the supreme controlling body, under Sir John and Mr Roy Watts as deputy chairman

and group managing director. The reorganisation follows retrenchment announced last September and put into operation through the winter.

This included reducing staff levels by 9,000 to about 42,000, cutting routes, disposing of aircraft and selling unwanted properties including Airways Terminal, Victoria.

These measures, largely completed, are to improve the airline's cash flow by about £150m in the 1982-83 financial year and to restore profits either late in that year or in 1983-84.

This is the preliminary essential to fulfil the Government's aim of eventually selling BA shares to the public.

The losses for the year just ended, 1981-82, are estimated to be well above £200m. They follow losses of £145m in 1980-1981.

In its new shape the airline will have four divisions. The existing commercial operations department will be divided into three self-contained divisions—the Intercontinental (long-haul) division, the European services division (short-haul and UK domestic operations) and Gatwick services division (responsible for all operations out of Gatwick by the airline and by British Airways, its holiday flying subsidiary).

UK and Ireland sales and

each of these main divisions will have subsidiary profit centres, designed to group routes together for better management. For example, the long-haul division will have separate sub-divisions—North Atlantic, Caribbean, African, North Asia, South Asia and Australasian, and Concorde.

The European short-haul division will have sub-divisions covering activities such as Manchester-based flights, domestic Shuttle services between London and Scotland, and the Highlands Division serving remoter parts of Scotland.

Sir John said yesterday the advantages that would stem from this detailed decentralisation would be the greater incentives and accountability each division would have managing its day-to-day affairs. This would have consequent benefits for customers.

He said: "There are massive difficulties still to be overcome but I am confident that with the continuing dedication of everyone in the staff the long-overdue return to profitability can be achieved."

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He said: "There are massive difficulties still to be overcome but I am confident that with the continuing dedication of everyone in the staff the long-overdue return to profitability can be achieved."

"The aim of a world-wide airline such as British Airways must be above all else, to serve an international public efficiently, and better than its competitors. The reorganisation, to take place from May 1, is designed to that end."

It is made clear there is no intention at this stage to sell the profitable subsidiaries such as British Airways Helicopters and International Aeradio.

These companies will become one organisational unit though retaining separate identities. They will report directly to the main board.

Similarly British Airways Associated Companies which runs the airline's hotel interests will be retained, reporting to the main board.

The existing Flight Operations Department, under Capt Jack Jessop, will remain a central unit responsible for overall management of flying-staff in all divisions other than those of Gatwick division.

Nevertheless, for budget purposes, flying-staff will be allocated to each division and will be regarded as being on that division's manpower strength. The aim is to promote flying-staff's loyalty to that division by enabling them to identify permanently with it.

The existing Operations

Department, responsible for overall operations-control and many functions at Heathrow such as ground operations and catering, will also remain central.

It will assume responsibility for computer services and consultancy management and will continue to be run by Mr Howard Phelps.

Engineering, led by Mr John Garton, will remain responsible for the maintenance and overhaul of the entire fixed-wing fleet. BA Helicopters is responsible for its own engineering.

There will still be much interplay between the divisions. Several parts of the organisation will act as parent for specialist functions they will provide for the whole airline, in addition to attending to their own affairs.

Examples are the intercontinental long-haul division which will be responsible for advertising, design, sales promotion, business travel and market research.

The European division will handle sales training, reservations services and departure-control. Central Planning will include traffic-forecasting.

This will prevent each division creating its own activities in these areas, thereby avoiding wasteful duplication.

# CIS insures one in six of Britain's families.

## Results for 1981

- \* Premium income up from £365 million to £410 million.
- \* Investment income up from £117 million to £136 million.
- \* Surplus on life assurance business up from £73 million to £85 million—terminal bonuses again substantially increased.
- \* Pre-tax profit on non-life insurance up from £16 million to £24 million—special discounts continued on all individual motor policies in force three or more years.
- \* Expenses in proportion to premiums again reduced for both life and non-life business.

## Importance of Home Service

CIS has in force 11 million life policies and 4 million household and motor insurances, insuring 3½ million families or one family in six in the U.K. Ordinary life and non-life insurance business accounts for over two-thirds of the Society's premium income.

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We are proud of the fact that our expenses per policy in all the main classes of personal insurance are among the very lowest in the industry.

Extracts from the Report of the Chairman, Mr. H.W. Whitehead, JP, to the Annual Meeting on 28th April, 1982

### Increased Bonuses

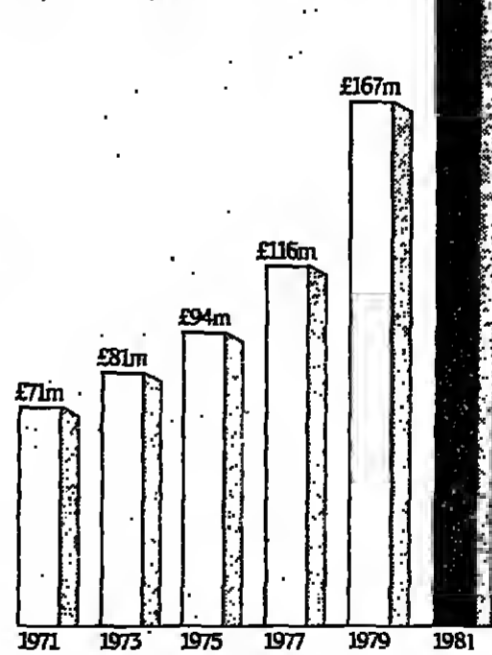
"I am pleased to announce substantial improvements in our terminal bonuses so that, for example, the total bonuses payable on the maturity of a 30 year endowment assurance in the Ordinary Life Section for £1,000 sum assured are increased from £1,806 to £2,066 (following an increase from £1,652 last year).

### New Pension Policy

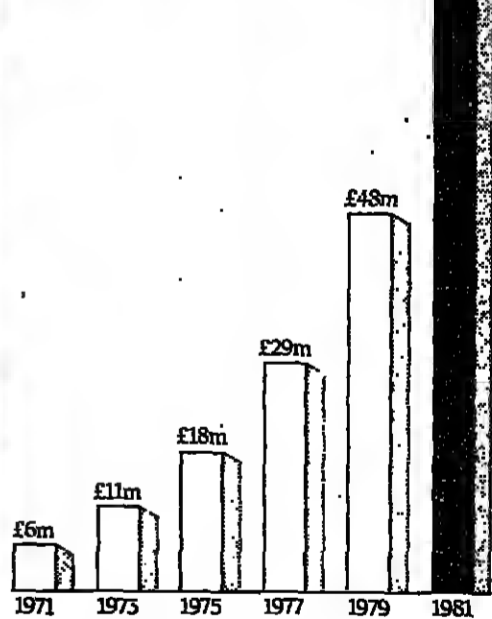
"A notable feature of the year was the immediate success of the new form of pension annuity policy that we introduced in May. The pension annuity policy enables persons who are self-employed or who have an income from a non-pensionable occupation to provide for their retirement by purchasing a pension together with a cash sum at retirement on terms which are specially favourable because the tax treatment on such policies is more generous than it is for life assurances.

"Our new form of policy is not typical of those in the market. The type of policy most widely available produces a cash sum at retirement, the bulk of which must be used to purchase an annuity (not necessarily from the same company) because the legislation which provides the favourable tax treatment also limits the proportion of the benefits which may be taken as cash. Consequently, the amount of pension obtained depends on

### LIFE ASSURANCE PREMIUM INCOME 1971-1981



### HOUSEHOLD INSURANCE PREMIUM INCOME 1971-1981



annuity rates at the time of retirement. However, annuity rates can rise or fall dramatically in a short period of time and we do not believe that our policyholders would want to take such chances with their pensions. We also believe that in the long run we can achieve the best results for our policyholders if their premiums are invested from the outset to produce the benefits in the form in which they must be taken. We therefore designed our policy to provide a pension together with the maximum permitted cash sum. In 1980 our previous type of policy accounted for just over 2% of new ordinary life premiums, but since the new policy was introduced the volume of such business has risen steadily and now represents about 12% of new ordinary life premiums.

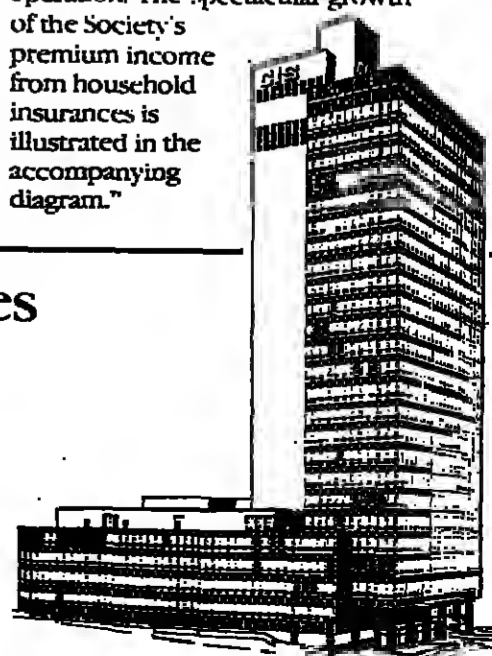
### Household Insurance

"Of all the major insurance companies transacting insurance on household contents, the Society charges the lowest rates of premium in virtually all areas of the country for both the traditional indemnity type of contract and the newer, higher-premium, replacement contract. The Society also provides a high standard of service, especially on claims, because of its home service basis of operation. The spectacular growth of the Society's premium income from household insurances is illustrated in the accompanying diagram."

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£5,000,000 bills issued on 29th April 1982 at 12% to mature 29th July 1982. Total applications were £2,000,000 and there are £1,000,000 bills outstanding.

UK NEWS

Cuts advised in energy research

BY RAY DAFTER, ENERGY EDITOR

THE GOVERNMENT has been advised to drop State funding of research and development into wave power, once promoted by Whitehall as one of the most promising alternative energy sources.

Duke's Award for flight simulator

A FLIGHT simulator which is claimed to be selling fast to airlines in the U.S. and elsewhere yesterday received this year's Duke of Edinburgh's Designer's Prize.

The aircrew training aid made by Rediffusion, was selected from 32 British products, ranging from trucks to computers, robots and golf balls, which were announced yesterday as the 1982 winners of the Design Council's annual awards.

BR faces tough battle to get back on rails

Sir Peter faces hardest test, reports Hazel Duffy

BRITISH RAIL'S loss of £37m after interest in 1981 means that BR has made a loss for the second year running.

The fact that the loss is less than half that in 1980 (£76.5m) reflects the substantial increase in the Government grant last year to a total of £754.7m.

PERFORMANCE INDICATORS FOR THE RAILWAYS. Table with columns for 1977, 1978, 1979, 1980, 1981, and % change with 1980. Rows include Passenger miles per loaded passenger train mile, Average fare per passenger-mile, Government grant per passenger-mile, etc.

must come from positive changes in working practices. The accounts show that the total workforce in 1981 was 12,428 fewer than 1980, at 237,252.

net tonne miles per member of staff, was small at 2.3 per cent last year. But it was a distinct improvement on the decrease of 3.3 per cent in 1980.

depreciation and amortisation on a current cost basis. But its target is still unlikely to be reached until 1983.

Sex discrimination inquiry abandoned in settlement

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

THE Equal Opportunities Commission has dropped its proposed formal investigation of the Provincial Building Society and withdrawn allegations of unlawful conduct by the Provincial under the Sex Discrimination Act 1975.

B-1 may come to Farnborough show

By Michael Donne, Aerospace Correspondent. THE U.S. Defence Department may display the Rockwell B-1 strategic supersonic bomber at the Farnborough air show from September 8 to 12.

SKF opens new steel centre in Britain

BY MARK WEBSTER

THE Swedish-based SKF special steels group yesterday launched a major expansion of its UK steel stockholding operation by opening a new centre at Wednesfield near Wolverhampton.

of its previous premises at Newport Pagnell. The company has invested nearly £1m in the expansion.

year, 80 per cent of which was imported from its Swedish mills. Mr Tam said this year promised an increase in sales of up to 50 per cent.

Deferred payment flights to Canada

WARDAIR has announced a deferred payment plan which will allow passengers to fly to any of eight Canadian destinations for an initial payment of £99, during the summer season.

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COMPANY NOTICES UNILEVER N.V. Rotterdam The Netherlands ANNUAL GENERAL MEETING OF SHAREHOLDERS. AGENDA: 1. Annual Report for 1981. 2. Approval and adoption of the Balance Sheet and Profit and Loss Account for 1981.

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# UK NEWS - LABOUR

## Building workers' negotiators reject 5.3% basic offer

**BY IVO DAWNAY, LABOUR STAFF**

UNION negotiators for 600,000 construction workers dismissed an "unacceptable" offer of about 5.3 per cent on basic pay rates. The unions warned that if the wage increase was not improved substantially by June 1 they would give notice of withdrawal from talks with the employers by the end of that month to allow their members either to bargain at local level or take industrial action.

Under the offer, made at a meeting of the Building and Civil Engineering Joint Board in London yesterday, guaranteed minimum earnings for labourers would increase from £73.51 to £77.41. Minimum wages for craftsmen would rise from £86.19 to £90.67.

The employers offered to improve the value of credit stamps issued for holidays and other benefits, by 50p to £9.50 a week, and to increase sick pay to

## Power men at Hoover end strike

**By Our Labour Staff**

A GROUP of 27 electricians at the Hoover factory at Cambuslang, Glasgow, yesterday voted to end their week-long strike and returned to work.

The company last night rescinded a plan to lay off the remaining 620 manual workers. However, there will not be a full recall of the 890 people already laid off until normal operations are resumed on Tuesday.

Hoover said it could not accept everybody back immediately until machinery was brought back into working order.

The electricians' dispute was over a claim for extra shift payments, and over work carried out on a machine by a member of management.

Mr Eddie McAvoy, union convenor at the plant, said the electricians had accepted a union recommendation to return to work and take their dispute through the normal procedure.

In the background to the dispute lie problems over this year's pay claim and over changes in working practices sought by the company before investing £7m into the plant.

Hoover wants industrial relations to be improved and efforts made to settle the plant's pay problems. Manual workers have claimed 12 per cent pay rises.

## Nurses press for new pay formula

**BY IVO DAWNAY, LABOUR STAFF**

THE ROYAL College of Nursing, Britain's largest nurses' union with 195,000 members, yesterday called for immediate talks with the Government on finding a new formula for future wage negotiations.

The move comes as other health service unions are rapidly approaching a major conflict with employers over their refusal to improve on a 4 to 6.4 per cent pay offer.

More than 1,000 delegates to the RCN's annual conference in Harrogate abandoned a pay debate and instead urged other NBS unions to take steps towards tripartite talks with the Government and management on a machinery to set and maintain nurses' wages at an acceptable level.

A motion calling on the other unions to agree to an early meeting with the Government was passed unanimously by the conference.

Later Mr Alan Giles, RCN council chairman, said that talks could begin within the next two weeks. "Our willingness to talk has existed for some considerable time and it saddens me that we have to put a resolution forward to get these other trade unions off their butts," he said.

The RCN's position on the pay round will become clear at the end of May after a ballot of members on the Government's 6.4 per cent offer to nurses.

The college had earlier joined with the 14 other NBS unions to demand a 12 per cent

rise. However, with the RCN rule book outlawing industrial action, it is widely believed that members will reluctantly vote to accept the offer.

The motion calling for the revision of Rule 12 which prevents industrial action, is expected to be passed today. But previous votes in favour of allowing limited strikes have always been overruled when put out to ballots of the entire membership.

Meanwhile, selective industrial action by the Confederation of Health Service Employees' 235,000 members continued yesterday. The union began a series of two-hour stoppages, bans on non-emergency hospital admissions and other sanctions on Monday in protest

## TUC plans Union Day protest over Tebbit Bill

**By Phillip Bassett, Labour Correspondent**

THE TUC yesterday designated Thursday June 10 as a day of widespread public campaigning against the Employment Bill.

The TUC general council decided to call it Union Day. TUC leaders were careful to avoid linking the day of campaigning with a call for strike action, mindful of the relative failure of its Day of Action in 1980 over employment policy.

Instead millions of copies of a leaflet on the Bill will be distributed at railway and bus stations, factory gates, in shopping precincts and at other key points in major cities and towns. It will explain the threat posed to trade unions by the Bill, and will emphasise the positive role of unions. Distribution will be done through the TUC's regional structure and by individual unions.

As a preface to Union Day, the TUC yesterday issued a campaign pack on the Bill which will be distributed at work to trade union representatives. It contains briefing material which stresses the need to urge employers not to make use of the Bill.

The TUC also officially launched a travelling exhibition designed to set the Bill in the context of previous legal attacks on trade unions. The display has already been to a number of spring union conferences and is booked for many more.

Other plans include a series of briefing conferences for union officials and a major series of regional briefings.

## Equal pay fight backed

**By DAVID GOODHART IN EASTBOURNE**

THE 437,000-strong shop workers' union, yesterday backed the principle of positive discrimination for women.

About 63 per cent of the Union of Shop, Distributive and Allied Workers members are women but there are only two women on the 15-member executive council. Only nine out of 139 negotiating officials are women.

Mr Bill Whatley, general secretary, who backed the principle of positive discrimination on behalf of the executive, said the union would be better

## Postal lobby

About 50 members of the Post Office Engineering Union yesterday lobbied the union's executive to press for industrial action over the break-up of British Telecom's monopoly.

## Days lost through strikes fall sharply

**BY BRIAN GROOM, LABOUR STAFF**

THE NUMBER of working days lost because of strikes fell sharply in March, according to the latest issue of the Department of Employment's monthly gazette.

The provisional figure is 315,000—well below the revised figures of 487,000 and 681,000 for January and February, and also below the low monthly average of 350,000 in 1981.

The first-quarter cumulative total is only a little higher than the corresponding figure last year.

February's figure was boosted by strikes at British Rail and Leyland Vehicles. In March, nine stoppages accounted for nearly 60 per cent of days lost. These included strikes by airport staff, car workers, shipbuilding workers and some local authority staff.

The Employment Gazette also shows the continued fall in manual workers' basic working hours. By the end of the year it expects these to average just under 39½ a week, and about 90 per cent of manual workers should have a basic paid holiday entitlement of four weeks or more.

Normal weekly hours averaged 39.7 in 1981, compared with 39.8 in 1980. However, the national engineering agreement prompted a substantial fall in the latter half of last year. By February 1982, weekly hours averaged 39.5, and agreements so far this year show a continuing decline.

Max Wilkinson writes: Average spending by families in the first half of 1981 rose by about 16 per cent compared with the previous year, according to the latest figures from the Family

Expenditure Survey published yesterday.

The survey, given in the Department of Employment's Gazette, suggests that in real terms average spending by families rose by about 2.5 per cent.

However, if allowance is made for a slight increase in the size of households between the two periods, average expenditure per person rose by 14 per cent, or about 1 per cent in real terms.

The proportion of families' spending on food has been steadily declining over the years. In the year ending June 1981 it reached the lowest recorded at 22 per cent. The share of spending on clothing and footwear was also historically low at 7.7 per cent.

Employment Gazette, April '82, 50; £2.25.

## Rail workers vote to fight jobs cut plans

**By Lorne Barling**

RAILWAY WORKERS at Swindon, Wiltshire, voted yesterday to oppose plans by British Rail Engineering (BRE) to halve the workshop's labour force by dismissing around 1,500 by the end of next year.

A nine-point recommendation, which included a move to prevent the transfer of work to other BRE plants through union blocking, was accepted at the meeting of about 2,500 workers. They also plan to ask the National Union of Railwaymen and the train drivers' union, Aslef, for help in the blocking of all work which would have been carried out at Swindon.

## UK ECONOMIC INDICATORS

**ECONOMIC ACTIVITY**—indices of industrial production, manufacturing output (1975=100); engineering orders (1975=100); retail sales volume (1975=100); retail sales value (1975=100); registered unemployment (excluding school leavers) and unfilled vacancies (000s). All seasonally adjusted.

	Indl. prod.	Mfg. output	Eng. order	Retail vol.	Retail value*	Unemp. employed	Vacs.
1981							
1st qtr.	99.5	88.7	98	105.6	130.8	2,282	100
2nd qtr.	99.0	89.9	99	104.7	134.5	2,425	99
3rd qtr.	99.9	89.9	104	105.5	139.1	2,641	96
4th qtr.	100.3	89.9	88	105.4	168.5	2,752	104
Aug.	99.7	89.6	124	105.0	139.0	2,543	98
Sept.	100.4	90.5	87	103.5	138.8	2,682	97
Oct.	101.7	91.5	94	106.2	147.8	2,523	99
Nov.	100.1	90.9	32	105.6	158.4	2,769	104
Dec.	99.2	88.3	79	104.6	193.1	2,769	106
1982						2,813	112
Jan.	99.3	88.4	96	107.0	143.9	2,812	112
Feb.	99.9	90.0		106.1	137.6	2,818	113
March				107.0		2,823	111
April						2,823	110

**OUTPUT**—By market sector; consumer goods, investment goods, intermediate goods (materials and fuels); engineering output; metal manufactures, textiles, leather and clothing (1975=100); housing starts (000s, monthly average).

	Consumer goods	Invst. goods	Intmd. goods	Eng. output	Metal mfg.	Textile Housg. etc.
1980						
4th qtr.	94.2	91.7	117.2	86.7	71.0	77.2
1981						
1st qtr.	93.5	88.4	117.2	84.2	75.7	76.7
2nd qtr.	93.1	88.8	118.0	84.8	78.7	75.8
3rd qtr.	93.5	89.3	118.7	86.3	77.3	75.0
4th qtr.	93.5	90.1	121.3	86.3	82.6	75.0
Aug.	94.0	89.0	118.0	86.0	76.0	78.0
Sept.	93.0	90.0	120.0	87.0	79.0	75.0
Oct.	95.0	90.0	124.0	87.0	86.0	75.0
Nov.	93.0	90.0	121.0	86.0	78.0	74.0
Dec.	92.0	90.0	119.0	86.0	79.0	74.0
1982						
Jan.	91.0	91.0	119.0	86.0	79.0	73.0
Feb.	92.0	92.0	119.0	86.0	84.0	74.0

**EXTERNAL TRADE**—Indices of export and import volume (1975=100); visible balance; current balance (£m); oil balance (£m); terms of trade (1975=100); exchange reserves.

	Export volume	Import volume	Visible balance	Current balance	Oil balance	Terms trade	Resv. US\$bn*
1980							
4th qtr.	126.4	111.4	+1,265	+2,114	+222	105.2	27.90
1981							
2nd qtr.	122.4	126.4	+582	+1,470	+698	99.5	26.73
4th qtr.	118.9	107.8	+336	+787	+230	105.1	28.43
March	102.9						28.21
April	104.7						28.07
Sept.	129.8	129.2	+58	+191	+291	99.6	23.70
Oct.	132.4	122.2	+296	+602	+74	98.9	23.22
Nov.	134.4	136.2	-79	+259	+205	100.1	23.46
Dec.	130.6	128.6	+355	+641	+419	100.4	23.35
1982							
Jan.	119.5	125.4	-132	+348	+168	101.2	23.23
Feb.							23.37
March							18.97

**FINANCIAL**—Money supply M1 and sterling M3, bank advances in sterling to the private sector (three months' growth at annual rate); domestic credit expansion (£m); building societies' net inflow; HP, new credit; all seasonally adjusted. Minimum lending rate (end period).

	M1 %	M3 %	Advances %	DCE %	BS inflow	HP lending	MLR %
1981							
1st qtr.	6.8	8.5	12.4	+1,208	1,081	1,894	12
2nd qtr.	22.1	17.3	6.5	+4,250	1,183	1,936	12
3rd qtr.	8.1	18.1	29.7	+5,938	868	2,019	12
4th qtr.				+2,173	422	1,980	12
June	21.9	17.8	8.6	+1,164	371	874	12
July	14.2	17.2	19.5	+2,240	290	858	12
Aug.	0.6	18.4	24.4	+2,240	444	859	12
Sept.	9.7	23.8	34.3	+2,458	334	706	—
Oct.	-4.7	20.2	24.0	+1,652	154	681	—
Nov.	7.6	17.3	20.4	+445	83	642	—
Dec.				+176	303	697	—
1982							
Jan.				+1,338	358	684	—
Feb.				+246	347	691	—

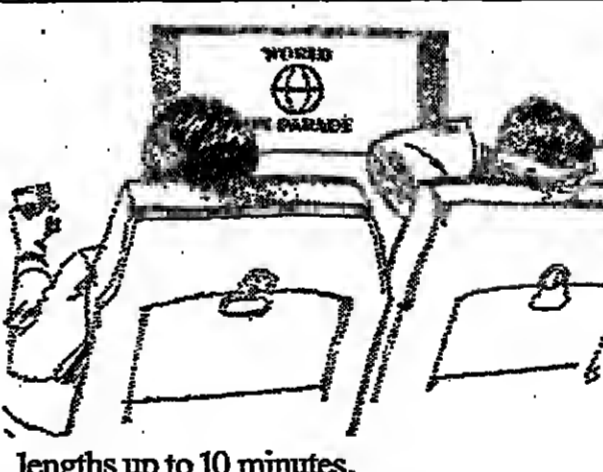
**INFLATION**—Indices of earnings (Jan 1978=100); basic materials and fuels, wholesale prices of manufactured products (1975=100); retail prices of food prices (1974=100); FT commodity index (July 1952=100); price weighted value of sterling (1975=100).

	Earnings	Basic matls.*	Wholesale manfg.*	RPI*	Foodst*	FT Comdty.	Strdg.
1981							
1st qtr.	195.3	212.8	212.3	280.4	268.7	261.56	101.4
2nd qtr.	202.2	225.5	219.4	294.0	277.0	245.97	97.8
3rd qtr.	209.9	235.9	224.1	299.1	278.8	260.83	98.6
4th qtr.	214.6	237.3	223.2	306.5	285.6	248.97	89.7
Sept.	211.7	237.9	225.9	301.0	273.6	260.83	88.0
Oct.	212.5	236.9	227.8	302.7	287.7	259.12	88.2
Nov.	214.4	236.9	229.4	306.9	285.5	245.79	90.1
Dec.	217.1	236.8	230.4	308.8	288.5	248.97	90.8
1982							
1st qtr.	228.0	234.4	231.6	297.7	245.7	245.7	91.1
Jan.	214.1	238.9	232.9	319.5	296.1	252.94	91.1
Feb.	216.3	239.5	234.6	319.7	297.2	247.77	91.3
March	235.3	235.6	233.4	299.8	242.40	242.40	90.8

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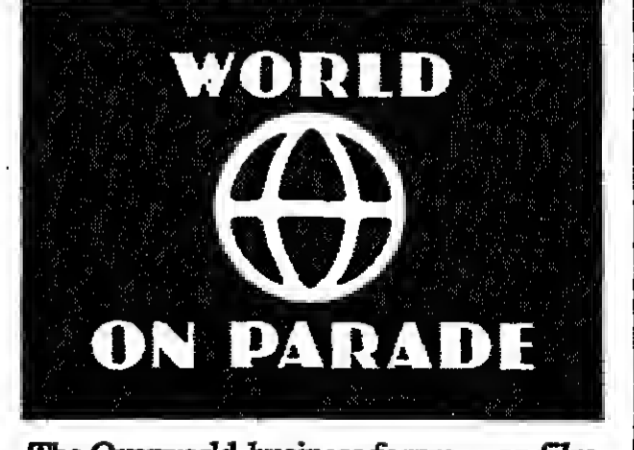
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UK NEWS - PARLIAMENT and POLITICS

Molyneux slams Ulster White Paper 'caricature'

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

MR JAMES MOLYNEUX, leader of the Official Ulster Unionists, clashed sharply yesterday with Mr James Prior, Ulster Secretary, over the Government's latest proposals for a devolved Assembly in Northern Ireland.

Speaking in a Commons debate on the Ulster White Paper, Mr Molyneux said the proposals were nothing more than a "cruel joke, a caricature, a Heath Robinson contraption."

Mr Prior intervened to protest: "I would not dream of taking up the time of this House or the people of Northern Ireland if I did not believe I am putting forward."

Nupe vote for Healey criticised

BY PHILIP BASSETT, LABOUR CORRESPONDENT

SHARP CRITICISM of National Union of Public Employees voting in last year's Labour Party deputy leadership election has come from union branches.

In Scarborough, faces many sharply critical motions on its voting. A motion from Sunderland deplores the lack of recommendation from the union executive.

allowed to vote within the present electoral college system and therefore influence the course of the Labour Party and its policies to their advantage.

FALKLANDS CRISIS NEC backs Foot on UN appeal

By Margaret Van Hattem, Political Staff

LABOUR'S national executive committee yesterday unanimously backed the party leader, Mr Michael Foot, in calling on the Government to appeal to the UN for help in resolving the Falklands crisis.

It also called on the Government to respond "immediately and favourably" to an appeal by the UN Secretary General, Sr Javier Perez de Cuellar, to both sides to comply immediately with the Security Council's Resolution 502 and to refrain from further hostilities.



Ashley Astwood The cages of Office: Mr John Nott, Defence Secretary, after yesterday's Cabinet meeting

Black economy tax loss put at £4bn a year by Revenue chief

BY ROBIN PAULEY

THE BLACK economy is probably worth about £15bn a year - between 6 and 8 per cent of GNP - and results in a tax loss to the Inland Revenue of about £4bn a year, Sir Lawrence Airey, chairman of the Inland Revenue Board, said yesterday.

included a large proportion of under-declared profits, sometimes presented as "over disclosed expenses."

where and the Revenue was keeping a close interest in it. After a Treasury official had agreed that even if the Inland Revenue could prove that the yield against such cases was 4 in 1 or more it might still be allowed to retract more staff if the policy of ending the size of the Civil Service was overriding, Mr Sir Lawrence, chairman, asked for an official Treasury note on the subject together with information on whether it was already happening.

Overcrowding in prisons 'explosive'

Financial Times Reporter

A STERN warning that Britain's overcrowded prisons were in an "explosive situation" came from former Labour Lord Chancellor Lord Gardiner in the Lords yesterday.

Calling on Home Secretary Mr William Whitelaw to act now, he said: "We are now in a state of crisis in the prisons, in which anything may happen at almost any time."

Jobless figure near plateau, says Tebbit

BY PHILIP BASSETT, LABOUR CORRESPONDENT

THE LEVEL of unemployment is approaching a plateau, Mr Norman Tebbit, the Employment Secretary said last night.

After announcement of another rise in unemployment to above 3m, Mr Tebbit told the all-party Commons Employment Select Committee that he did not share the "gloomy view" of the forecasts of unemployment provided by the Manpower Services Commission, sponsored by his own Department.

Opportunities Programme. The commission unanimously approved the scheme earlier this week.

The Government is thought likely to accept most of the task group's recommendations, provided it is satisfied with the quality of training. However, Mr Tebbit would say to the committee only that the proposals were "complex" and of a "considerable weight" and interest.

Review of assisted areas 'approaching completion'

BY IVOR OWEN

ECONOMICALLY assisted areas due for a major downgrading as a result of the changes in regional policy announced by the Government will know next month whether they have any prospect of securing a reprieve.

stances have changed substantially and on a scale beyond the normal trends of the recession.

Lord Lane, the Lord Chief Justice, said the fault lay with successive governments, which had failed to build new prisons.

The debate ended without a vote.

COUNCIL ELECTIONS CAMPAIGN

Flight into uncharted territory

Gold plate and cigar smoke: Ivor Owen on the voters' mood in Westminster and Hillingdon

TWO contrasting areas of London where the Social Democratic-Liberal Alliance expects to produce impressive evidence of its broad-based appeal when the votes are counted in next Thursday's borough elections are Westminster and Hillingdon.

It is in local government areas like these that SDP and Liberal leaders are looking for victories on a scale which establishes a springboard for success at the coming general election.

Views expressed across the doorsteps in Hillingdon North reflect the same pattern. As a result the Conservatives who, because of the damaging disarray in the local Labour ranks regained control of the borough in 1978 with a voting swing well above the average, have good reason to hope that at least one of the ward's two seats will still be in their possession after Thursday.

Both the Alliance's candidates in Hillingdon North are Liberals, a recognition of the party's untiring efforts to construct a path to the borough's new Civic Centre in Uxbridge from the cracked paving stones which frequently mark the level of so-called community politics.

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Hillingdon council, has launched an aggressive response in the best Thatcherite tradition of reliance on market forces.

U.S. Supreme Court ruling awaited on unitary tax

BY IVOR OWEN

A RULING to be given by the U.S. Supreme Court in June may help British companies who have been campaigning against the unfairness of tax treatment in California and some other states.

of the Exchequer, has written to Mr Donald Regan, the U.S. Treasury Secretary, to support the view it intends to put before the Supreme Court.

BASE LENDING RATES table listing various banks and their rates, including A.B.N. Bank, Allied Irish Bank, American Express, Amro Bank, Henry Ansbacher, Arrincth Latham, Associated Cap. Corp., Banco de Bilbao, BCCI, Bank Hapoalim BM, Bank Leumi (UK) plc, Bank of Cyprus, Bank Street Sec. Ltd., Bank of N.S.W., Banque Belge Ltd., Banque du Rhone et de la Tamise S.A., Barclays Bank, Beneficial Trust Ltd., Bremer Holdings Ltd., Brit. Bank of Mid. East, Brown Shipley, Canada Term Trust, Castle Court Trust Ltd., Cavendish City Trust Ltd., Cayer Ltd., Cedar Holdings, Charterhouse Japhet, Choulatons, Citibank Savings, Clydesdale Bank, C. F. Gales, Consolidated Credits, Co-operative Bank, Corinthian Secs., The Cyprus Popular Bk., Duncan Lawrie, Egit Trust, E.T. Trust, Exeter Trust Ltd., First Nat. Fla. Corp., First Nat. Secs. Ltd., Robert Fraser, Grindlays Bank, Guinness Mahon, Hambros Bank, Heritable & Gen. Trust, Hill Samnet, Hoare & Co., Hongkong & Shanghai, Kingsnorth Trust Ltd., Kinross & Co. Ltd., Lloyds Bank, Mallabar Limited, Edward Manson & Co., Midland Bank, Barwell Morgan, Morgan Grenfell, National Westminster, Norwich General Trust, P. S. Refson & Co., Roxburgh Guarantee, E. S. Schwab, Slavenburg's Bank, Standard Chartered, Trade Dev. Bank, Trustee Savings Bank, TCB Ltd., United Bank of Kuwait, Whiteaway Laidlaw, Williams & Glyn's, Wintrust Secs. Ltd., Yorkshire Bank, Members of the Accepting Houses Committee, 7-day deposits 10%, 1-month 10.25%, Short term 8.000/42 month 12.6%, 7-day deposits on same set under £10,000 10%, £10,000 up to £20,000 11%, £20,000 and over 11.5%, Call deposits £1,000 and over 10%, 21-day deposits over £1,000 11%, Demand deposits 10%, Mortgage base rate.

# THE MANAGEMENT PAGE: Marketing

EDITED BY CHRISTOPHER LORENZ

## ADVERTISING

### The doubtful pulling power of sex

BY DAVID CHURCHILL



### The exploited exploits

ADELE GRASSER is 32, American, and the newly appointed managing director of Hill, Holliday, Connors, and Crosbie, International, the London offshoot of a medium-size U.S. based advertising agency. It is also said that she has better legs than Ann Burdus.

Before the many admirers of Ann Burdus (former chairman of McCann and the Advertising Association) write in with indignation, it should be explained that the comparison of the lassomeness of the Misses Grasser and Burdus is not mine.

It comes from Grasser herself. Or, rather, from a recent full-page advertisement for HCCO in the advertising industry's main trade paper with the eye-catching headline "Better legs than Ann Burdus." (It also went on to claim that Grasser had more jewellery than Ronnie Kirkwood and that she was 10 years younger than David Abbott—but that's another matter.)

Although the advertisement showed neither the legs nor the jewellery, it did show a pretty large picture of Grasser herself and the aim was clearly to draw the male reader's attention to what, in all fairness, is only really a tiny agency in the big world of London's adland.

Was this not a classic case of female exploitation, even if the woman being exploited was Grasser herself?

Grasser remains unrepentant. "We weren't being naive about it; we knew what we were doing," she admits. "The aim was obviously to draw attention to what our agency could offer through an effective, eye-catching advertisement."

The trick has so far seemed to pay off in terms of putting the agency on the media map (it has been in the UK for a couple of years) and in drawing in a number of potential new clients. It also attracted an intrepid insurance salesman to whom Grasser gives full marks for trying but who ended up with a life policy unsold. "I've heard of only one person who was, shall we say, offended by the ad," admits Grasser, "and he was a man I've never met."

Grasser has some justification for the advertisement since, in the harsh world of UK advertising where the bulk of promotional spending is aimed at women, there are relatively few women at the top of any size of agency. Advertising still remains very much a man's world.

Her route up the executive ladder started with a first career in banking with Chase Manhattan, before she decided that dealing with her clients' marketing problems was more exciting than sorting out their finances. So she took an MBA at the Harvard Business School and then joined HCCO in Boston where she worked on the Wang, Polaroid, and

Gillette accounts. She had no hesitation in jumping at the chance of early promotion via taking over the London end of the agency.

Grasser admits that she is in no way a militant feminist, preferring instead to adopt the line that she is doing more for the status of women by being successful at her job than by marching in the streets. "If more women can make a success of their careers, then that is the best way to overcome prejudices from both men and women," she says.

What would happen, however, if one of her creative directors (both men) came up with an advertisement that portrayed women in an unfair or offensive way? Grasser does not believe that such a hypothesis would become a reality; but if it did, she would apply the test of the effectiveness of the advertisement in getting its message across.

"I don't think that any ad which put down women or portrayed them as dim-witted would be effective, so the problem is unlikely to arise," she counters. "Our advertising for HCCO was effective in getting the message across—so I agreed to be featured in such a prominent way."

Undoubtedly, Grasser hopes the ad will give her a leg up in the London agency scene. Unless, of course, Ann Burdus complains to the Advertising Standards Authority about misleading advertising...

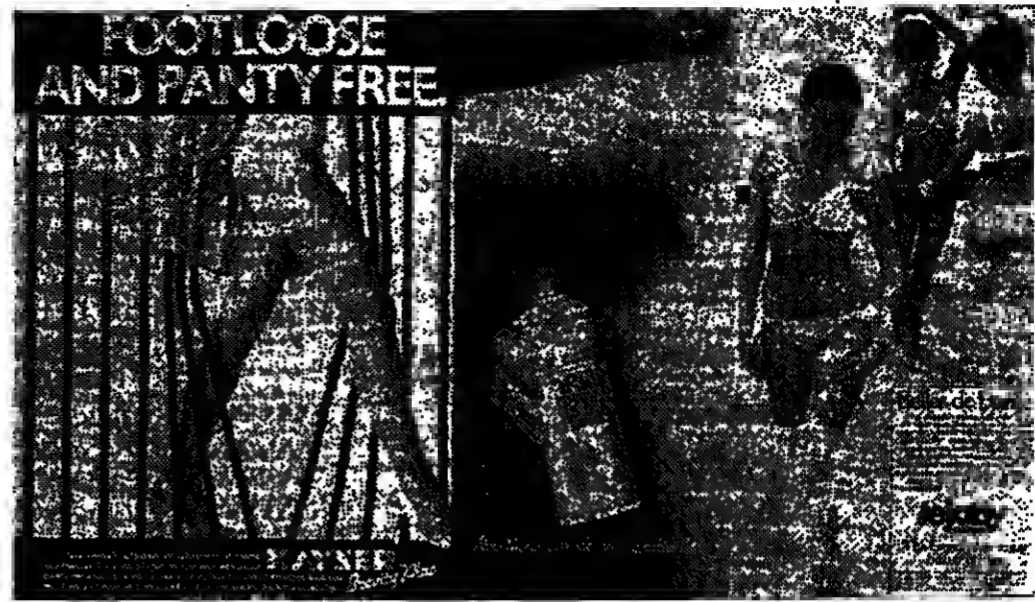
SEX SELLS. Anything from a chocolate bar to a sports car; from a laxative breakfast cereal to the Daily Mail; from cigars and cognac to pens and photographic equipment. Putting a naked or scantily clad girl or a phallic symbol into an advertisement may not be the most creative approach but, since advertising first began, sex in one form or another has always formed a hard core on which much advertising is based.

Yet conventional advertising wisdom is increasingly being challenged, not so much by the outcry from the feminist movement at the portrayal of women as sex objects, but by the more pragmatic response that using sex to sell may eventually turn off more potential customers than it turns on.

Two new reports\* have now added fuel to the debate about the effectiveness of using sex to sell and the way women are portrayed in advertisements in general. Yesterday, Britain's Advertising Standards Authority—the industry watchdog whose job it is to ensure that advertisements are "legal, decent, honest, and truthful"—published a weighty academic study with the somewhat pretentious title of "Herself Appraised". Coincidentally, this followed a smaller study earlier this month from the Equal Opportunities Commission, with a rather more coy title of "Adam and Eve".

Both reports were based on extensive quizzing of a sample of women of all ages and social groups. The ASA survey took a sample of nearly 2,800 women last autumn and at least three calls were made on each respondent. The EOC sample was smaller—some 600 women were interviewed—but they were also questioned extensively about their attitudes to specific advertisements.

Not surprisingly, since any sampling system of research is open to much interpretation, the surveys were unable to reach any really firm or incontrovertible conclusions. But it is clear from both surveys that a significant minority of opinion is unhappy at the way women are portrayed in



"Women did not in general take exception to nudity as such in advertising"

advertisements. Lord McGregor, the ASA's chairman, points out that "advertisers should note the substantial minority of respondents who accepted the possibility of degradation being felt by women as a direct result of the manner in which their sex is depicted in advertisements."

The ASA's much larger sample survey concentrated a good deal of its investigations on the issue of nudity or near-nudity in advertising, since this is an area where it receives a considerable number of complaints. About a tenth of the 650 or so complaints received by the ASA each year relate to advertisements which are thought to be "distasteful, indecent, or otherwise offensive." About half this figure—or some 5 per cent of the total number of complaints—are likely to allege specifically that a given advertisement is offensive because of the way it depicts women.

Women surveyed by the ASA, however, did not in general take exception to nudity as such in advertising. "They may be offended by a particular portrayal of a nude woman or by

nudity in an inappropriate context, but nudity in popular magazines and newspapers is widely accepted," says the ASA's report.

The ASA adds that "a permissive attitude to nudity in advertising is often rationalised by arguing that 'pornography is in the eye of the beholder'."

### Tighter control

However, some of the inconsistencies of sample surveys is indicated by the fact that while most women appear to have permissive attitudes, about one-third of the sample indicated the need for tighter control of nudity in advertising. "Doubtless this third included many who had a permissive attitude to particular types of advertising," says the report.

Other questions also evoked a tougher approach to nudity. Some 63 per cent "disapproved" of the use of nudes in advertisements just to attract readers, while 38 per cent agreed with the statement that

"the use of nudes in advertising should be banned."

Just over half the sample thought that children should be protected from nudity in advertisements. Significantly, this feeling was more strongly expressed by women without children living at home than those with children in the household.

Nearly one quarter of the sample believed that women in general are capable of feeling degraded by the depiction of nude women in advertisements. Some 18 per cent accepted the possibility of feeling degraded themselves on that account.

Objections to advertisements which depicted women in partial undress stemmed almost as frequently from the appearance of the model herself (16 per cent said an "ugly body", while 11 per cent said an "ugly face") as from objections to the way in which the model was presented. However, 23 per cent objected to the sexy or suggestive tone of the model's nakedness.

The degree of dislike of nudity increased in direct proportion to the amount of flesh

exposed by female models and was especially high when male nudity was featured. The report suggests that "an appreciable number of women feel embarrassed at finding themselves having to explain the portrayal of a nude model to a young child."

Some of the most strongly expressed objections to individual advertisements stemmed from the artistic style of the advertisement—the portrayal of women in an ugly, or surreal manner evoked very strong dislike—or from certain product categories. Some products, such as those for menstrual protection, or underwear, were seen as embarrassing because of their potentially personal or sexual connotations.

The EOC study published earlier this month (and already reported in the FT on April 16), concentrated less on the use of nudity in advertising as on the way advertisements interpret the woman's role. Its central conclusion was that advertisements which portrayed women in the traditional roles of housewife and mother in an unrealistic way were likely to be less effective than if more realism were involved.

Neither the EOC study nor the much larger ASA inquiry is likely to lead to much tightening of the rules governing advertisements. Lord McGregor points out that "an examination of the altered treatment of women and the family in advertisements over the last decade or so demonstrates that prudent advertisers have already made, and are acting upon, their own assessments of the directions of change."

But, as any casual glance through a newspaper or magazine—especially trade papers—will show, less prudent advertisers are still pinning their faith on the tried and tested formula: sex sells.

"Herself Appraised: the treatment of women in advertisements," published by the ASA, Brook House, 216, Torrington Place, London, WC1E 7ES.

"Adam and Eve," available free from the Publicity Section, EOC, Overseas House, Quay Street, Manchester M3 3EN.

### Tea party hot up

BRITAIN may slowly be losing its thirst for tea—the trend in recent years has been a 2 per cent per annum slump in tea sales as demand for coffee has risen—but one sector of the £400m a year tea market has shown spectacular growth over the past decade.

Speciality teas, such as Earl Grey, Darjeeling, Nectar, and

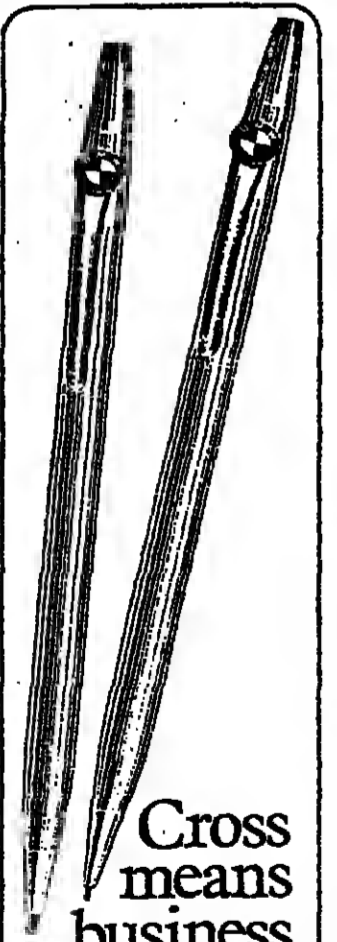
Jasmine, have grown in popularity as demand for traditional blended teas has declined. Ten years ago the speciality tea market was worth a paltry £2m a year and considered merely as a market for eranks. Now, an 80 per cent volume sales increase over the past five years has pushed sales up to £16m last year.

This rapid growth in what was considered a moribund market has been caused by several factors. Perhaps the most significant has been the well-charted change in consumer tastes over the past decade towards more up-market foods with a "superior" image and taste. Hand in hand with this, and helped by the greater prevalence of foreign travel in the 1970s, has been the willingness of grocers of all sizes to stock up with speciality teas which offer a higher profit margin than ordinary teas.

Twinings, the market leader in speciality teas, has helped create the demand with a generic advertising campaign over the past decade culminating in a television campaign in 1979. Next month Twinings returns to television with a new £750,000 campaign.

This time, however, it faces competition from another well-established name in the tea business, Liptons, which this weekend is starting its first-ever national television campaign for speciality teas. Liptons also plans to spend £750,000.

The aim of all this advertising is to double the size of the speciality tea market by the mid-1980s to some £30m. Spearheading the growth will be the sale of tea-bags, currently growing at some 40 per cent a year, and echoing the growth of the overall tea-bag market in the 1970s.



### Cross means business

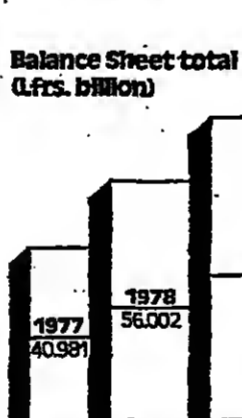
Your business friends will use and treasure your gift of Cross fine writing instruments with your corporate emblem. Perfect for stimulating sales and recognising achievement. Every Cross writing instrument is mechanically guaranteed for life. Send your corporate logo and Cross will send you a complimentary example of a similar clip emblem.

**CROSS**  
SINCE 1846  
1/15 CONCORDE STREET  
LUTON, BEDFORDSHIRE  
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NEW/SECOND HAND AUTOMATIC RADIOPHONE?  
If you are one of the lucky few who have been offered a number, by Telecom on the London Automatic Radiophone Service, we can help.  
Phone: 01-267 6707

## HYPOBANK INTERNATIONAL S.A.

... continued success in 1981



Highlights of the Balance Sheet for 1981	
Assets	(Lfrs. million)
Balance with banks	53,205
Advances and Loans	52,436
Securities	4,357
Financial assets and others	4,262
	114,260
Liabilities	
Deposits & Current accounts	106,587
Others	4,912
Capital & Reserves	2,761
Net profit	114,260

In 1981, its tenth year of activity in the Eurozone, HYPOBANK INTERNATIONAL S.A., Luxembourg, continued its favorable development, increasing the balance sheet total by 18% to Lfrs 114 billion (US \$ 2,696 billion). The Bank maintained its strong position in the Eurocurrency market. The widely diversified international loan portfolio grew by 32%, accounting for considerably more than half of the total assets.

Services to private customers in the areas of deposits, securities, precious metals and investment consulting were strengthened substantially. Gold certificates were added to the range of investment opportunities.

offered to the Bank's customers. To accommodate an adequate relation to business growth, the Bank raised funds by arranging a subordinated loan of Lfrs 564 million (US \$ 13,317 million) in 1981. At year-end, capital was unchanged at Lfrs 1,555 billion. Total network, general provisions and the subordinated loan amounted to Lfrs 3,567 billion (US \$ 84 million).

The shares are held by BAYERISCHE HYPO- THEKEN-UND WECHEL-BANK AG, MUNICH. For your copy of our 1981 annual report please contact us at: 37, bd. du Prince Henri, P.O. Box 453, L-1724 Luxembourg, Tel: 4775-1, TX: 1570, 2628



### OVERWORLD

invites you to see their announcement on

PAGE 9

### Is your financial advertising as effective as it could be?

Make sure you see FTB's unique 60 minute presentation on Financial Communications.

Ring Alex Hurst, FTB's Chief Executive, on

01-405 8733

Foster Turner & Benson Advertising Ltd  
Chancery House, Chancery Lane, London WC2A 1QU

### End fleet cost nightmares

Don't shut your eyes on bad dreams. Open them to PHH Fleet Management Services. And wake up to discounts on vehicles, bought or leased. To affordable finance. To advice on vehicle suitability. To FleetCard—the control you need over maintenance costs. To computer evaluation of running costs. To getting more from your fleet while spending less. It's all in the PHH brochure. Read it. And sleep easy.

Complete and return the coupon or simply send your letterhead or business card to PHH Services Limited, Princes House, Princes Street, Swindon SN1 2HL. Or ring Richard Nethercliff on 0793 40271. Or Telex 449158.

with a little bedtime reading.

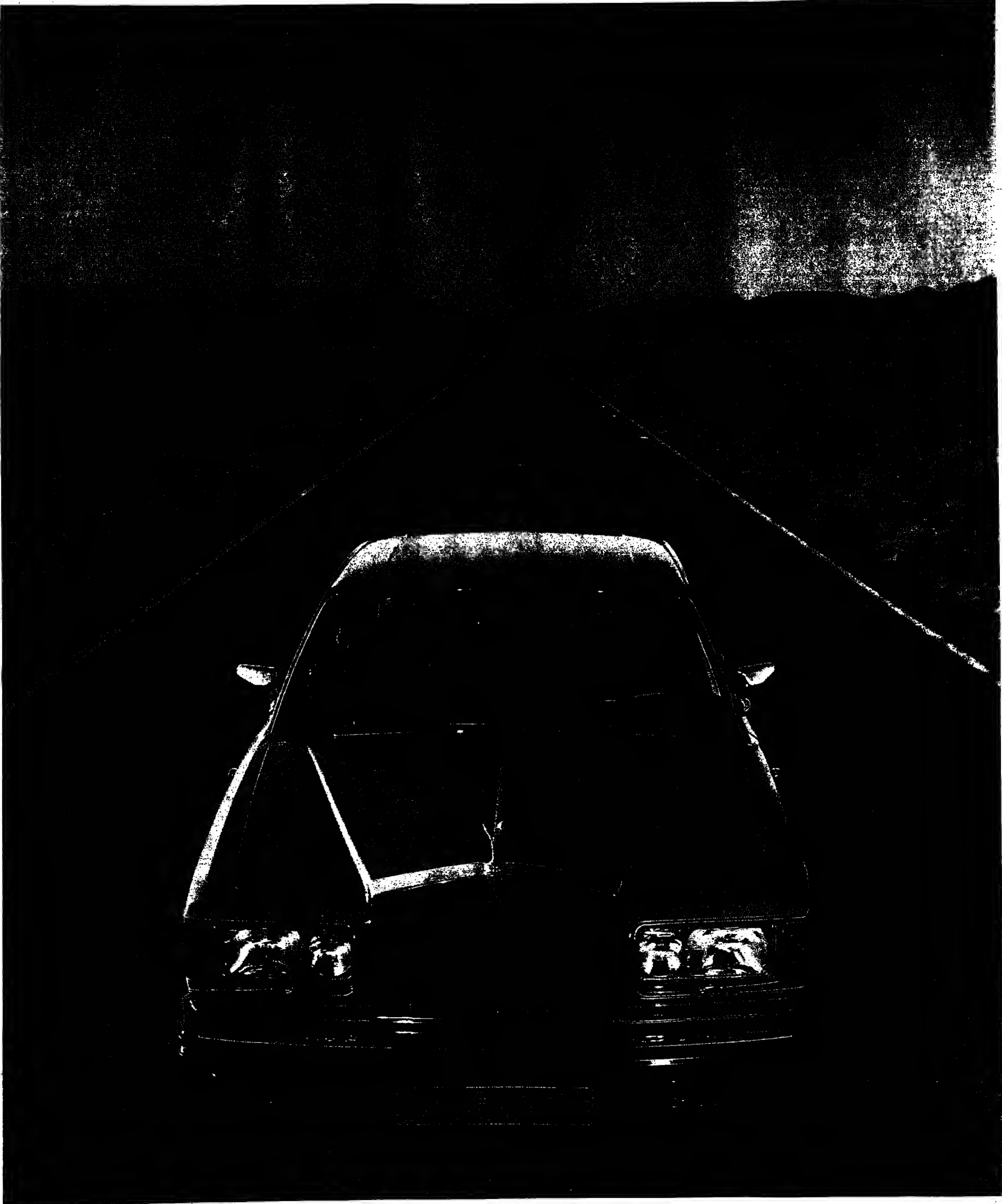
Send me my bedtime reading, please.

Name \_\_\_\_\_  
Position \_\_\_\_\_  
Company \_\_\_\_\_  
Address \_\_\_\_\_  
Tel. \_\_\_\_\_

PHH Services Ltd  
Fleet cost control

INTERNATIONAL FT/29/4  
FLEET MANAGEMENT LEASING HIRE CONTROL EMPLOYEE REDUCTION





## The Rolls-Royce is not the car it was.

**HOW ROLLS-ROYCE IMPROVED ON THE MOST FAMOUS AUTOMOBILE ENGINE IN THE WORLD.**  
 One fact says volumes about the engine in the 1982 Silver Spirit: it is the best there has ever been in a Rolls-Royce.  
 Over 2000 separate improvements to the original V8 engine are silent testimony to the dedication - some would say obsession - of the engineers at Rolls-Royce Motors.  
 Each engine is made by hand, each moving part matched and balanced with a care normally lavished only on Grand Prix racing engines.  
 Each engine is run on a test bed for the equivalent of 150 miles. The prototype was run for 40,000 miles at full throttle.

Every few days one engine is taken from the world's slowest production line, stripped down, and checked to the last washer.  
 Every engine is road tested: so cautious are the two hundred and fifty Rolls-Royce engineers that their

drivers clock up over a million miles each year, checking the validity of their efforts.  
 The result of this care is an engine that is the most powerful yet the quietest, the strongest yet the lightest, the smoothest and the most efficient that has ever run in a Rolls-Royce.

Tomorrow: some things that haven't changed.



# TECHNOLOGY

EDITED BY ALAN CANE

## Americans are thinking again about elementary school computing. Louise Kehoe reports What price the school microcomputer?

DO YOUNG CHILDREN really benefit from the use of computers in the classroom? It is a question that is being raised in the U.S. where an estimated 13 per cent of public elementary schools already have computers and more are planning to buy them despite shrinking education budgets.

With U.S. schools expected to spend a total of \$1.5bn on computers by the end of 1985, a group of educators in California led by Dr A. Daniel Peck, Professor of Education at San Francisco State University and a specialist in education technology, are mounting a campaign against what they see as the misuse of public school funds to purchase computers.

According to Dr Peck, and his "ad hoc committee on basic education" the money would be better spent on basics. "Money spent on computers is money wasted that could better be used in improving curriculum, teacher strengthening, greater basics emphasis, and utilisation of established simplified, dedicated techniques and technologies."

Dr Peck and his friends are taking a stand against the popular view that it is important to expose children to computer technology and use it to make them computer literate.

### Bandwagon

"The microcomputers will become dinosaurs relegated to the back of the classroom and unused, once the fashion for computers in schools wears off," the committee predicts.

The "back to basics" educators suggest that, historically, education has repeatedly been guilty of climbing on "fear motivated" bandwagons as panaceas to its problems. "Instead of solving problems

they create more. After untold wasteful expenditure of huge sums of taxpayers' dollars.

"We are not anti-technology in the classroom," says Dr Peck, "but we believe that the general purpose microcomputer is overkill."

Instead he would like to see more use of dedicated computers—such as Texas Instruments' range of learning aids including the speak and spell and speak and read units, or more powerful machines specially designed for classroom use.

"Today's microcomputers are model Ts. I want to see some progress in the design of school computers before more money is spent," says Dr Peck.

Standard computers are too complicated for small children—they get in the way of the learning process, says Dr Peck. He criticises their keyboards—an unnecessary complication—slow reaction times, damaging sensitive disks, and maintenance problems.

But "dedicated computers for use in education will inevitably

cost more than those designed for a wider market," says Mr Kent Kehrberg, manager of instructional systems development at the Minnesota Educational Computing Consortium, a pioneer group in the development of educational software.

Schools in Minnesota have more than 3,000 Apple computers, 500 Atari 400 computers and about 1,000 other machines, according to Mr Kehrberg.

### Rubbish

The committee specifically criticises the software designed for use in elementary schools. "Most of it is rubbish," they claim. Mr Kehrberg concurs "reluctantly" that much of the software sold for use in schools has shortcomings.

"Teachers in different parts of the country have individual preferences, and opinions on software are very personal," he points out.

A problem is that there are few teachers—or people who know what teachers want—who

are also familiar with computer technology. An exception is Ann Piestrup, chairwoman of the Learning Company in Portola Valley, California.

The company has developed some highly imaginative and innovative programs for use by young children—either in the school or the home.

"The privileged child will have access to computers at home," says Ms Piestrup. "I would like to see the public schools giving all children the opportunity."

Learning company programs, which have been used experimentally in many schools, stress the development of logic and thinking skills which could later lead to learning computer programming.

As well as the basics of reading and arithmetic, they are aimed at three to 13-year-olds. One example is a program called logicators in which the child arranges logic symbols—and or gates—to form elementary logic circuits.

"It is a very playful program.

If the circuit does not work the alligator eats you," says Ms Piestrup. Through playing "games" on the computer the children learn familiarity with the computer as well as the skills that will be important to them in using computers in later life, she says.

### Royalties

Computers bring out children whose gifts have previously not been recognised, Ms Piestrup said. "Our most competent computer graphics artist is 11 years old. She is earning royalties from a program that she completed a year ago."

Unfortunately, programs such as those marketed by the learning company are the exception. More often, programs consist of electronic work sheets to teach arithmetic or spelling. But even these have value, suggests Mr Kehrberg at MECC.

"At least the children get some experience of computers and, generally, they are more highly motivated to go through their maths drill if it is computerised."

A maths lesson on a computer is a treat to the seven-year-old for whom multiplication is a bore on a piece of paper. Dr Peck says, however, that fascination with the computer soon wears off.

Apple has recently offered to give an Apple II computer to each of the 83,000 public elementary and secondary schools in the U.S.—if Congress will pass a Bill to allow the company a tax credit of some \$30m, about 10 per cent of the total value of the equipment to be donated.

Apple's offer is welcomed by most in the field of education.

## 'A micro in every UK school'

The responsibility for provision of school microcomputers in England, Wales and Northern Ireland lies with the Department of Industry. Every secondary school is entitled to half the cost of one of two machines, the BBC computer or the Research Machines 380Z. The DoI has a budget of £2m for this purpose. By the end of the year, it is expected that almost every school will have taken advantage of the scheme, although most schools believe that a single machine is inadequate.

The intention now is to extend the scheme to primary schools but final details have not yet been worked out.

Each school applying for a DoI micro grant has to make at least two teachers available for in-service training at one of 14 regional information centres established by the Department of Education and Science. The DES is providing £3.5m a year over three to four years to help set up centres which will offer training, information and act as points of contact for school microcomputing.

The cost of the centres is met partly by the local education authority and partly by the DES. The DES has the principal responsibility for the practical side of educational computing—techniques of computer-aided instruction, educational software and so on. All local school microcomputing ventures have now been subsidised by the DES. Microcomputers in Education Programme. The Scottish Education Department has made broadly similar provision.

## Mercedes steps on the gas

BY JOHN GRIFFITHS

A FLEET of 15 Mercedes estate cars powered by hydrogen will take to the roads of West Germany at the start of next year.

The project is part of a West German federal research and technology ministry-funded programme to explore alternative fuels and other new vehicle technology. Ten of the cars will run exclusively on hydrogen, with the remainder adapted for mixed hydrogen/petrol operation.

It underlines the broad spread of long-term approaches being taken towards alternative fuels, and more efficient use of petroleum products, for when the world moves inevitably out of short-term oil glut towards scarcity.

These include small, very high efficiency diesels and ceramic turbine engines capable of running efficiently on a variety of low-grade fuels, as well as part- or wholly-electric powered vehicles.

Next year will also see Mercedes launch an experimental estate car using a "hybrid" internal combustion/electric drive system.

The chief interest with this vehicle is that it will be using a traction battery with a nickel-iron couple with twice the energy density of lead acid equivalents.

It has been developed jointly by Daimler-Benz and electric vehicle specialists Deutsche Automobilgesellschaft (DAUG). Nickel-iron is currently rated as offering one of the best prospects for reducing the currently huge performance gap between 1/c engine and electric vehicles.

There is likely to be a lucrative market for whoever is first

into the field with a "super-battery" at a competitive price. Price, rather than performance, is the main problem with nickel-iron. However, the Japanese are understood to be well down the road with reducing nickel-iron battery manufacturing costs—just how far may emerge when a UK Electric Vehicle Development Group visits Japan in September.

The all-hydrogen cars use a modified version of Mercedes' 2.3 litre four-cylinder injection engine, the main differences being mixture preparation and intake-manifold water injection. The "fuel tank" consists of low-temperature metal hydride storage units designed as tubular heat exchangers, to which exhaust heat is carried by water and which maintains intake pressure.

Filling by liquid hydrogen is clearly impossible because of its very low liquefaction temperature, so two types of experimental filling stations are being set up.

At two stations in Berlin, town gas, with its 50 per cent hydrogen content, is to be processed to extract 99.99 per cent hydrogen by means of a pressure swing adsorbent system. In Stuttgart, small systems will be set up to produce hydrogen from both gas and electricity, to test the possibilities of being able to refuel at the electrical socket or gas tap.

The immediately obvious practical drawback is the length of time needed to "fill" the tank under pressure: the project is aiming to get as "brief" as 10 minutes, although this would be a major improvement on the two hours of previous experiments.

**DAL**  
GENERATING SETS  
For prime power, standby and the construction industry.  
Daimler-Benz Diesel Engine Ltd.  
Electricity Buildings, Finsbury  
Way, London EC2A 4PU, U.K.  
Tel: 0722-914141 Telex: 92289

## Producing fiche at 130 an hour

THE LATEST computer output on microfilm (COM) machines from Datagraphix uses thermally developed silver halide film for fiche production at rates up to 130 fiche per hour.

This machine can take output direct from an IBM 360, 370, 303X and 4300, as well as the Amdahl V6 and other IBM plug compatible systems, on line.

It can also work off line from tape. Unlike some of the earlier machines however, it imposes no computing load on the host at all, because all the conversion from output channel format to fiche writing format is carried out by the COM internal processors.

The data is converted into upper and lower case letters, numerals and symbols using a laser writing system producing high quality 8 x 12, 7 x 9 or 5 x 7 dot matrix characters. There is also an integral projector that allows form designs to be printed on to the fiche at the same time.

Known as ARIS 2, the machine works from roll film and cuts each piece of film as required, immediately loading it on to the X-Y exposure platform.

The platform moves from page to page and at each station a 5 mW helium neon laser beam lays down characters at rates up to 80,000 per second. dots are produced for matrix character writing by a split beam arrangement and acoustic optic modulation for switching.

After exposure the fiche moves on to a heating drum where development occurs in about 10 seconds without the use of wet chemicals. The film is automatically marked with identifying bar codes based on data from the computer and an output unit on the developing section calculates the fiche-in-a-minute carousel collector.

Datagraphix points out that the fiche produced are not of archival quality—although they can soon be copied onto material that is archival if necessary. The new machines are aimed basically at applications where there is an objection to wet chemistry and where the fiche are active for a short period and are then no longer kept. More on 03447 5611.

GEOFFREY CHARLISH

### Water pumps

A RANGE of piston-type metering pumps with Sinterex or Duplex head forms at outputs up to 24.95 litres/hr per head at 56 bar and up to 65.25 litres/hr at 21 bar has been launched by Automated Water Conditioning. Full details from Unit 1, Pinfold Industrial Estate, Buckley, Chwyd, 0244 545161.

## Sensor for mines

The National Coal Board took some advice from space technologists before it developed its instrument for use in mines.

The result was both an instrument which could measure the thickness of coal seams and a Queen's award for technology shared with Salford Electrical Instruments.

The sensor measures the very low levels of gamma radiation which emanate from the rocks surrounding the coal seam and uses it to determine the thickness of coal left behind at the roof of a coal face.

Salford Electrical Instruments at Eccles, Manchester, contributed to the project by designing the instrument so that it could function in the hostile underground environment.

Dr John Wykes, head of the Mining Research and Development Establishment's transient physics research group, said: "The crucial work was to show that the very low levels of gamma radiation penetrating the coal roof layer could provide accurate information fast enough to help steer the coal cutter."

Dr Wykes said that this

meant applying nuclear shielding research techniques.

The heart of the sensor is a large scintillation crystal which is sensitive to gamma radiation. Its signal output reduces as the coal seam thickens. Protecting the crystal was a problem and the MRDE asked engineers who had sent crystals to space how to do it.

Research work in the mid-70s proved that the very low radiation levels could be suitable for detecting seam widths in most parts of the country.

The sensor is attached to the cutting machine which helps the machine operator minimise the danger of roof falls which could delay production as well as cause injury.

The sensor could be valuable as a step towards automation of coalface production since it could be linked into the cutting machines' control system to automatically stop at the right depth.

According to the research establishment the sensor gives the UK an important lead in progress towards coalface automation, and more than 100 sensors have already been sold overseas.

ELAINE WILLIAMS

# HOW GAS HELPED GKN TO ENGINEER A 30% FUEL SAVING.

GKN Shardlow is among the world's largest manufacturers of fully machined diesel crankshafts, supplying automotive companies around the globe.

But until recently, GKN Shardlow was also the consumer of almost 5 million therms of gas per year, in forge and heat treatment furnaces and in general heating.

Consequently, they called in the Technical Consultancy Service of East Midlands Gas for some expert advice on energy conservation.

That advice ran to a 38 page report showing that most furnaces were operating less efficiently than they might. It recommended techniques such as ceramic fibre linings, high velocity burners, careful control of the air/gas ratio (rather like adjusting a carburettor) and extensive insulation.

As a result GKN Shardlow have already achieved a saving of almost 30% overall. But once the conservation work is

complete, this figure is expected to reach 42%.

The case history is so impressive that GKN Shardlow have won the 1980 Gas Energy Management Award for industry. But in fact, the opportunities for such dramatic savings are by no means rare.

We can show you many other such case histories where large economies have been made. Because fuel conservation is not only in the nation's interest, it can also be highly profitable.

Perhaps you might take a look at your own use of fuel and

ask us for some expert advice on how to save more.

Then, in a year or two, your own dramatic savings may well be the subject of our latest award-winning case history.

**BRITISH GAS**  
DON'T WASTE YOUR ENERGY.

Today fiction is becoming reality, and the communications revolution is reshaping the way we live. In the forefront of that change is Gwent, the new centre of Britain's high technology industry.

Why have so many world leaders like Inmos, Mitel, Plessey Marine and Ferranti chosen to set up their new factories in Gwent? Gwent has first class communications by rail and road. London is only ninety-three minutes by high speed train, and Birmingham is just ninety minutes away by motorway. Heavy investment in high-tech education in Gwent Colleges gives firms a head start when it comes to recruitment.

As the most successful companies have proved, a good environment is essential to efficiency. And people like living in this attractive corner of Britain.

With factories ready now, and sites available for specialist developments, Gwent is proving a powerful magnet for firms with the future in mind.

**the future starts today in Gwent**

## Take a look at Gwent, the new high-tech centre of the United Kingdom.

Please send me full details of Gwent's services to help the expansion or re-location of industry.

Name .....

Company .....

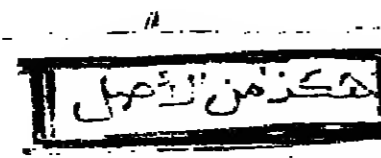
Position in Company .....

Address .....

Telephone .....

Interest in Property: ..... 000 squares feet, Site: ..... acres

Financial Assistance ..... Send this coupon to: Mr Gordon Probert, County Planning Officer, County Hall, Cwmbran, Gwent NP44 2GH



BBC 1

6.40-7.55 An Open University (Ultra High Frequency only) 9.27-11.50 For Schools, College...

TELEVISION

Chris Dunkley: Tonight's Choice

Not a very promising evening. Radio 3's Coriolanus is a repeat of Ian Couterrell's production with Richard Pasco in the title role...

BBC 2

6.40-7.55 An Open University. 11.06-11.25 Play School. 5.10 pm The Bauhaus at Weimar.

LONDON

9.35 am Schools Programmes. 12.00 The Woolfs. 12.10 pm Get Up and Go! 12.30 The Sullivans.

BUSINESS LAW

The worst of a bad job

BY A. H. HERMANN, Legal Correspondent

THE Merchant Shipping [Liner Conferences] Bill introduces a measure of uncertain purpose and doubtful effect. The only thing which can be confidently predicted is that it will bring about an unprecedented degree of confusion into commodity contracts and result in a great volume of litigation.

ships, with freight rates and other matters, will have the force of law in the UK in respect of conferences serving trade between the UK and other contracting states.

Once the pool of competitive shipping has been transformed into national shipping lines, and in this way has been assured of a 40 per cent quota, it will be able to raise its freight rates to the level of the liner conferences, of which it will become a part.

developing states. Each EEC country will share its cargo allocation with the other nine members of the Community and with other member states of the OECD on a reciprocity basis.

BORDER

1.20 pm Anglia News. 2.00 Not For Women Only. 4.20 Palmersdown.

CENTRAL

12.30 pm The Young Doctors. 1.30 Central News. 4.20 Sport Bally. 4.45 Jason of Star Command.

CHANNEL

1.20 pm Channel Lunchtime News. What's On Where and Weather. 5.20

GRAMPIAN

6.30 am First Thing. 1.20 pm North News. 5.15 Happy News. 8.00 North Tonight.

GRANADA

1.20 pm Granada Reports. 1.30 Evening News. 7.15 News. 8.00 Court.

HTV

1.20 pm HTV News. 3.50 Square One. 4.20 Here's Your News. 4.45 The Flying Kiwi.

RADIO

5.00 am As Radio 2. 7.00 Mike Road. 9.00 Simon Bates. 11.30 Paul Burnett.

RADIO 2

5.00 am Ray Moore (S). 7.30 Terry Wogan (S). 10.00 David Frost (S).

RADIO 3

6.55 am Weather. 7.00 News. 7.05 Morning Contact (S). 8.00 News.

RADIO 4

5.00 am News Briefing. 6.10 Farming Today. 6.25 Today's Forecast.

TYNE TEES

8.25 am The Good Word. 8.30 North East News. 1.20 pm North East News.

SCOTTISH

1.20 pm Scottish News. 4.20 Jingles. 4.30 Sport Bally. 5.20 Crossroads.

TWS

1.20 pm TWS News Headlines. 6.15 Gwa Honeybun's Magic Birthdays.

TVS

1.20 pm TVS News. 2.00 Not For Women Only. 3.50 Square One.

ULSTER

1.20 pm Lunchtime. 4.18 Ulster News. 4.20 Palmersdown. 5.15 The Sounds of...

YORKSHIRE

1.20 pm Calendar News. 4.20 Sport Bally. 4.45 Little House on the Prairie.

RADIO

12.02 pm You and Yours. 12.27 Brain of Britain 1982 (S).

RADIO 1

5.00 am As Radio 2. 7.00 Mike Road. 9.00 Simon Bates. 11.30 Paul Burnett.

RADIO 2

5.00 am Ray Moore (S). 7.30 Terry Wogan (S). 10.00 David Frost (S).

RADIO 3

6.55 am Weather. 7.00 News. 7.05 Morning Contact (S). 8.00 News.

RADIO 4

5.00 am News Briefing. 6.10 Farming Today. 6.25 Today's Forecast.

Accountancy Appointments

ACCOUNTANCY APPOINTMENTS ARE CONTINUED ON FOLLOWING PAGE

FINANCIAL DIRECTOR Designate EAST MIDLANDS AREA £13,000 to £15,000 + CAR This is a demanding position with a rapidly expanding private Civil Engineering Company...

Financial Accountant Up to £12,000 p.a. plus bonus Top Shop, a womenswear division of the Burton Group, is a major fashion-chain with an impressive record of growth and profitability.

Financial and Management Information Systems Surrey There are two challenging opportunities in the Hotels and Holidays Division of The Rank Organisation which is one of the biggest holiday companies and stretches across the UK and Europe...

COST AND MANAGEMENT ACCOUNTANT - KUWAIT TAX-FREE SALARY OF KD10,000 CURRENTLY EQUIVALENT TO £19,000 PLUS ACCOMMODATION, CAR AND OTHER BENEFITS

GROUP TAXATION MANAGER TI is a British based engineering group with sales of over £1 billion and has extensive overseas interests.

MANAGEMENT ACCOUNTANT Leading shipowners mutual insurance association in the City requires a Chartered Accountant with approximately 8-10 years commercial accounting experience.

CONTINENTAL CAN CO (UK) LTD MANAGER—FINANCIAL REPORTING AND ANALYSIS £15,000—£18,000 CCC (UK) is the UK subsidiary of the Continental Group Inc. (USA), the world's leading packaging company.

the wire arts lay in en

# Accountancy Appointments

## Financial controller

North London, c£15,000+car



For a well established specialist engineering group with an annual turnover around £5 million, currently bidding for international turnkey contracts.

Reporting to the Financial Director you will assume responsibility for the fully computerised group accounting function, managing staff at 2 locations. There is an emphasis on project control and surplus funds investment, with the increasing international business providing excellent experience of currency management.

Now in your 30's you should be a qualified accountant with a successful track record. Experience of the engineering industry would be useful.

Résumés including a daytime telephone number to Stephen Blaney, Executive Selection Division, Ref. B038.

Coopers & Lybrand associates

Coopers & Lybrand Associates Limited  
management consultants  
Shelley House Noble Street  
London EC2N7DQ

## Young Auditors

Combine the experience of  
the City with the charm  
of the Channel Islands.

We are offering two recently-qualified accountants a perfect opportunity to acquire the right experience in the finest surroundings. In addition to the environmental advantages, you will be working in the finance industry - the Channel Islands' fastest growing business sector.

The experience to be gained in the audit department would be interesting and varied, including commercial and manufacturing companies, but because there is obviously a leaning towards clients operating in the local finance industry, it would be desirable if both accountants have experience of financial audits. A knowledge of trusts would be a distinct advantage.

Although based in Jersey you should expect to work on Guernsey some of the year, and to travel abroad on the practice's overseas business.

Salaries will be comparable with those paid in London, yet maximum income tax is only 20%. Naturally this gives you the opportunity to save in the medium term. For the energetically-minded, the practice also has an active sports and social club. Initial interviews will be held in London in mid May. For more details, please write or telephone Philip Johnson on 01-248 2915.

The Difference is **Deloitte Haskins + Sells**

PO Box 142, 25 Broad Street, London EC4V 4AJ

## UK & INTERNATIONAL APPOINTMENTS

**CHIEF ACCOUNTANT** £15,000+  
New position offering growth potential and immediate challenge to a fully qualified Accountant, 28-35 with sound manufacturing/technological background. Gradually taking full control of financial management and 30 strong department within a specialist division of the multi-million group. Experience within contract/export environments useful. SOUTHAMPTON

**ENERGETIC AUDITOR** £12,000 package  
A major U.K. energy company is currently seeking a young newly qualified Chartered Accountant to join its audit department. The successful candidate will be involved in auditing various joint venture projects and the company's Belgian subsidiaries. Knowledge of French and previous oil audit experience would be useful. C. LONDON.

**CHIEF ACCT** £12-18K  
A very successful company in the service sector are seeking a competent and highly motivated graduate accountant to take full charge of the finance function. Aged 30-35 with excellent all round experience including computers, and the ability to make a positive contribution to the management team. WEST LONDON.

**FINANCIAL CONTROLLER** c£15,500+  
A progressive company in the systems field are seeking a self-motivated accountant aged 27-35 with sound experience gained in a manufacturing environment. Previous exposure to government contracts, computer based systems and staff control would be an advantage combined with a heavy emphasis on management accounting. N. SURREY.

**DIVISIONAL ACCOUNTANT** £13,500  
Major U.K. group offers quick progression to Chief Accountant for an ambitious self-starter with 2 years PQE in industry/commerce. The broad specification covers monthly reporting of performance, constant review of financial position, budgets, forecasts and systems development. MIDDX.

LEE HOUSE, LONDON WALL, EC2. 01-606 6771

**ROBERT HALF**

ACCOUNTING, FINANCIAL AND BANKING RECRUITMENT & SEARCH CONSULTANTS

## Financial Controller

up to £20,000 plus car

South East

Qualified accountants with first class management skills in a services environment will be attracted by this opportunity with a leading technical consultancy and services group. With a turnover of around £20 million the group has an excellent track record in supplying specialist services on U.K. and overseas contracts.

The immediate task is to take charge and run the accounting function on a cost effective basis while giving particular attention to the individual needs of the operating companies. Personal qualities are vital, not only for managing the accounting team of over twenty, but also because of the importance attached to developing a rapport and communicating effectively with Board members and senior personnel with the group.

Previous experience of computerising an accounting function is essential. Ability to advance further within the next five years is important. The age indicator is ideally 30 to 45. Salary is negotiable up to £20,000 plus car and attractive benefits package. The location is Northern Home Counties.

Write or telephone for an application form or send brief c.v. to the address below, quoting ref: AA59/7957/FT on both letter and envelope and advising us of any other applications you have made to PA Personnel Services within the last twelve months. No details are divulged to clients without prior permission. Initial interviews will be conducted by PA Consultants.

PA Personnel Services

Norwich Union House, 73/79 King Street, Manchester M2 2JL  
Tel: 061-236 4531



A member of PA International

## LEASING-FINANCIAL ACCOUNTANT/CONTROLLER

West End Based

The Armo Financial Services Europe Group of Companies is currently undergoing a period of rapid planned expansion. The initial emphasis for growth in the Group's leasing activities is being directed towards the development of a comprehensive European portfolio.

There is now an exciting opportunity for an Accountant to join a small professional management team and make a significant contribution to the growth and direction of an expanding group of companies.

The main spheres of responsibility will be:-

- The establishment of computerised management and financial accounting systems for both UK and Swiss companies.
- The regular preparation of accounts to tight deadlines as well as budgeting and the preparation of operating plans.
- The development of effective portfolio administration system plus credit review and contract negotiation support.

We are looking for a graduate Chartered Accountant with several years' post-qualification experience - ideally in a finance/leasing environment. The preferred age range is 25-35. The successful applicant will have a developed interest in computerised accounting systems and will have the ability to make an effective contribution to the overall performance of the company.

The demands made on this job will be high, but so are the job satisfaction and material rewards. This is an exceptional opportunity to join an autonomous management team operating in a multinational environment and we offer a salary of c.£14k and significant bonus and mortgage subsidy. Other benefits include free family BUPA, excellent non-contributory pension and life assurance scheme. Four weeks' holiday and full relocation costs where necessary.

Send detailed C.V. or obtain an application form from:

**ARMCO BRITISH NATIONAL**  
An Armo Financial Services Company  
The growing name in insurance

Mr G. J. Soper,  
Personnel and Training Manager,  
Armo Financial Services  
Europe, Westchester House,  
Harlands Road, Haywards Heath,  
West Sussex, RH16 1TD.  
Telephone: Haywards Heath  
(0444) 414177.

## Company Secretary

CHESTER - £14000+

Applications are invited from qualified accountants for the position of Company Secretary to Crosville Motor Services Limited which operates public service vehicles in Cheshire, Merseyside and North and Mid Wales.

The Company Secretary together with a Traffic Manager and a Chief Engineer form a corporate management team under the General Manager. The successful applicant will be responsible for all accounting functions including finance, taxation, cost accounting and payroll. You will also undertake general secretarial duties and be responsible for the control of legal and property matters. The company is presently introducing a mini-computer as an aid to management, so a knowledge of computer applications is desirable. Applicants should be able to communicate at all levels.

The appointment carries membership of a contributory pension scheme. Benefits and promotion prospects are those associated with membership of a large group.

Applications giving full career details will be treated in the strictest confidence and should be sent to:-  
D. J. Meredith, General Manager, Crosville Motor Services Limited,  
Crane Wharf, Chester CH1 4SQ.



**CROSVILLE**

## GROUP FINANCIAL CONTROLLER

Location: Swindon c £14,000 + car

The Isis Group is a financially orientated group of companies operating in the fields of equipment hire and distribution, construction and property development. It was recently launched through a major management buy-out on the M. J. H. Nightingale 'OTC' market.

As part of the on-going development of the Group, a Financial Controller is required to further strengthen this forward looking management team.

Reporting to the Group Financial Director, the Financial Controller will be responsible for the co-ordination, review and consolidation of financial information, including management accounts, financial accounts, forecasts and financial plans. He/she will also be responsible for certain taxation and treasury matters and will be involved in investment and acquisition appraisals.

The successful applicant is likely to be a qualified Chartered Accountant in his or her thirties, with both a strong professional background and broad industrial/commercial experience. As well as being able to demonstrate technical excellence, the successful applicant must also be able to communicate effectively.

A salary of around £14,000 is envisaged. A company car will be provided, and in addition to the other usual fringe benefits, assistance with relocation will be given where appropriate.

Please write, giving brief details of qualifications and experience to date, or telephone for an application form to:



Alan J. Webber  
Personnel Manager  
ISIS INDUSTRIAL SERVICES PLC  
Stratton Road, Swindon  
Wiltshire SN1 2PT  
Tel: Swindon 28223

## Fast growing Manufacturing Company require FINANCIAL CONTROLLER/COMPANY SECRETARY

To direct and supervise the financial and accounting activities with the emphasis on accounting systems, planning and budgets, credit and collections, and financial business organisation.

The position will require a thorough knowledge of accounting and finance procedures, management ability, experience with computerised accounting systems. Suitable candidate must have recognised accounting qualifications and sound relevant experience.

Please write with full career details to:

Diane Gould

Cordon Bleu Kitchen Equipment Company  
Bryggan Road, North Lynn Industrial Estate, King's Lynn, Norfolk

## COMPUTER AUDIT MANAGERS

LONDON OR THE MIDLANDS £12,000-£14,500 + CAR

Our expanding Computer Audit Department requires Managers in both London and the Midlands. We offer:

- Broad experience
- Responsibility for your own portfolio of clients
- Training geared to individual requirements
- Excellent prospects for rapid career progression.

Our clients include large, medium and small concerns operating in a wide variety of business sectors. They range from first-time users to organisations with many years of DP experience. The work covers system reviews, installation reviews and the use of audit software, together with involvement in training and development. Applications are invited from Chartered Accountants with at least two years computer audit experience. Please send a comprehensive résumé, including salary history, to David Clark, Computer Audit Partner.

Touche Ross & Co.

Hill House, 1 Little New Street, London EC4A 3TR. Tel: 01-353 8011

## Finance Officer

c.£15,000

Bedfordshire

The Cranfield Institute of Technology is a unique university institution specialising in advanced teaching and applied research in technology and management.

We now seek an experienced Finance Officer to provide full accountancy services to all departments of the Institute, including budget formulation/control and monthly management accounts. Reporting to the General Secretary of the Institute you will control a staff of around 30.

Candidates, probably aged over 35 and with relevant professional qualifications, should have sound experience gained preferably in industrial or commercial companies. Knowledge of computerised systems is essential.

Salary will be in the range £14,000 to £15,500, but this may be increased for an exceptional applicant. Assistance may be given with relocation expenses.

Further details and an application form (to be returned by 28th May 1982) may be obtained from: The Personnel Department, Cranfield Institute of Technology, Cranfield, Bedford MK43 0AL. Tel: Bedford (0234) 75011, ext. 3336.

**Cranfield**

## SAUDI ARABIA

Audit/Seniors/Manager

Salary Negotiable

A rapidly-expanding Saudi firm of Certified Public Accountants requires experienced Chartered Accountants holding British nationality and trained with medium/large firms for their offices in Jeddah and Dammam.

Attractive tax-free salaries are offered together with accommodation, transportation allowance and one month's annual leave with paid air fare.

Airmail detailed C.V. and salary requirements together with recent photograph to:

Staff Department, Dr. Mohammad A. Alamri,  
Certified Public Accountants,  
P.O. Box 784, Jeddah, Saudi Arabia. Telex: 400399 EKAE 5J.

## AMBITIOUS NEWLY-QUALIFIED c £11,500

A marvellous opportunity for a positive-minded newly-qualified accountant who has drive, initiative and ambition. Management and Financial Accounts and interest in Computer technology. Enormous potential. Excellent benefits.

Telephone Alan Barnett on 01-629 7838  
BARNETT PERSONNEL LTD

## IBS CHIEF ACCOUNTANT

MILTON KEYNES

c. £15,000 + car

IBS is a young, ambitious public company manufacturing and marketing business computer systems using the latest techniques in microelectronics and computer programming.

We are seeking a qualified accountant (preferably ACMA) with several years industrial and commercial experience to assist the Finance Director in the introduction of an integrated costing system and to control a small accounts function. The position will appeal to a self-motivated, ambitious person, keen to be involved in a growing company.

Candidates aged 25-40 will join a young management team and will be expected to make a real contribution to the future of the company.

Please write with full career details to:

Graham Wylie, Finance Director,  
Immediate Business Systems plc  
3 Clarendon Drive, Wymbush,  
Milton Keynes MK8 8DA



مركز العمل

# Accountancy Appointments

## GROUP FINANCIAL CONTROLLER

Due to the continued expansion of the Alexander Motor Group, we now have a requirement for a first class Financial Controller. Experience of the Automotive Industry would be a distinct advantage.

The successful applicant will be a qualified Chartered Accountant and based at our head office in Edinburgh. Assistance will be given with relocation expenses if required.

The salary is negotiable but will reflect the importance we place on this appointment and additionally we offer company car, pension scheme and BUPA.

Please apply in writing to:-

Mr W E Burns  
Joint Group Managing Director  
Alexander Motor Group  
154 Fountainbridge  
EDINBURGH



## TRUST ACCOUNTANT

We handle investments, trusts and other financial advisory matters for several major private companies and their pension funds, for the companies' proprietors and for their families.

We have a vacancy for a qualified Chartered Accountant with experience of trust accounts and of the applicable taxes.

This post would suit a recently qualified person who wants to develop a specialised career in this field. However, all applicants up to the age of 55 with the relevant experience will be considered.

Please apply in writing with full personal details, including age, qualifications, experience and career history to:

The Staff Manager (ADC 29)  
ALDER INVESTMENT MANAGEMENT LTD.  
14, West Smithfield, London EC1A 9JN

## A FINANCIAL TIMES SURVEY ACCOUNTANCY THURSDAY 17 JUNE 1982

The Financial Times is planning to publish a Survey on Accountancy on the above date. The provisional editorial synopsis is set out below.

- 1. Introduction**  
The accountancy profession is suffering from the recession, but it has shown itself to be resourceful and adaptable. An overview of the profession and its place in the economy.
- 2. Accountancy Standards**  
Attempts are being made to restore the momentum of the standard-setting process, and to secure the position of the profession within a framework of self-regulation.
- 3. Accountancy Bodies**  
In the past the various accountancy bodies have jealously preserved their independence, but now mergers are on the horizon.
- 4. The Big Firms**  
Increasing competition among the big firms, aggravated by the recession, has led to problems over the strict professional rules on publicity, and several firms have been rebuked by the head of the Government Accountancy Service for their promotional activities.
- 5. Current Cost Accounting**  
Compliance with SSAP 16 is being closely monitored and the standard is due to be reviewed after three years. In the meantime there are proposals to require companies to put their past sales and profit figures on to a "delated" basis.
- 6. The Public Sector**  
The debate continues over the role of the National Audit Office. Elsewhere the scope for private firms to audit local authority accounts has increased.
- 7. Small Firms**  
While mergers have been common at the top end of the profession, at the other end thousands of independent small firms continue to practise. The effect of the political measures to boost smaller businesses.
- 8. Finance Directors**  
Accountants have traditionally played an important role in the management of British companies. Now bodies like the 100 Group of Finance Directors are becoming more vocal.
- 9. International Relationships**  
The growth of multinational business has brought new challenges for the accountancy profession, not least at the political level. A look forward to the World Congress in October.
- 10. Training**  
Should accountants be trained by professional firms or within industry? Differences of view persist among Chartered Accountants.
- 11. Insolvency Business**  
The wave of bankruptcies in the recession has produced intense activity in the insolvency departments of many accounting firms — but there has also been controversy about the activities of fringe liquidators.

For further information and advertising rates contact:

Carmine Leon or Gavin de Carle  
The Financial Times Limited  
10 Cannon Street, London EC4A 3DF  
Tel: 01-248 8000  
Telex: 885033 FINTIM G

**FINANCIAL TIMES**  
EUROPE'S BUSINESS NEWSPAPER

The size, contents and publication dates of Surveys in the Financial Times are subject to change at the discretion of the Editor.

## Group Management Accountant

Central London Attractive Salary+car

Cope Allman International PLC is a diverse industrial holding company with an annual turnover of just under £200m, derived from interests in the Packaging, Leisure, Engineering and Fashion industries. The Group has operations in the UK, Continental Europe, North America and Australia.

Following the present job holder's internal career development move we now wish to appoint an energetic professional for the position of Group Management Accountant, reporting to the Financial Controller.

The job will involve responsibility for the preparation and interpretation of management control information for the Board, including budgets, period results and forecasts. This will involve close liaison with Divisional and Unit Financial Controllers both in the UK and overseas.

The man or woman that we are looking for will probably be aged 30-35, will certainly be fully qualified and must have a record of positive achievement in a financial control position at Unit/subsidiary company level. Previous experience within a multinational company, ideally with computerised financial reporting systems, would be a distinct advantage.

If you believe that you meet this specification and that you have the drive and enthusiasm required to contribute effectively to a small professional finance team, please write with full CV to:- David Garth, Group Management Development Manager, Cope Allman International PLC, 27 Hill Street, London W1X 8AS.



COPE ALLMAN INTERNATIONAL PLC



## FINANCIAL DIRECTOR DESIGNATE

BANKING £25,000-£30,000+ benefits LONDON

ORION ROYAL BANK LIMITED, a City merchant bank and one of the leading houses in the capital and Eurocurrency syndicated loan markets with extensive international business, wishes to recruit a Group Chief Accountant with board potential. Reporting initially to a member of the board, the successful candidate's performance will be judged primarily on the following criteria:

- Accuracy and timeliness of external reporting
- Quality of financial information and advice provided to management
- Effectiveness in using the bank's on-line computer systems which employ database facilities
- Success in making the finance function contribute to the development of the bank as a whole.

Applications are invited from qualified accountants in the 35-45 age range with a background in the finance sector, preferably in banking. They should combine practical experience in the development of computerised systems with proven success in staff management. Please send a comprehensive career résumé, including salary history, quoting reference 2054, to W.L. Tait.

Touche Ross & Co. Management Consultants

Hill House, 1 Little New Street, London EC4A 3TR. Tel: 01-353 8011.

A member of the Management Consultants Association.

## MANAGEMENT ACCOUNTANT

Worthing, West Sussex

An old established and successful private group of companies manufacturing sports equipment and toiletry and chemists sundries require a qualified accountant, preferably between 25-35.

The successful candidate will take responsibility for computerising the accounting activities and developing and interpreting the management information systems of the group.

Initiative and the ability to communicate effectively at all levels of management are essential.

Board appointment is viewed as a natural progression and a commensurate salary package is offered.

Applications enclosing a comprehensive c.v. should be sent to:

H. W. FISHER & CO (Ref. PB)  
Chartered Accountants  
Acre House, 69/76 Long Acre  
London WC2E 9JW

## Financial Director

Barratt Developments Britain's major private house builder, has recently expanded its operation into the centre of London and has opened a new subsidiary based in Victoria.

An exciting opportunity exists for a Chartered Accountant seeking a directorship within a subsidiary of a major public company, with an outstanding record of growth and profitability.

Applicants are likely to be in their early-mid thirties with extensive commercial/industrial experience in all aspects of financial management.

This post commands a substantial salary plus profit sharing and generous package of company benefits.

Apply in writing, giving concise personal details to:

The Financial Director,  
Barratt Southern Limited,  
Barratt House, P.O. Box 5,  
668 Hinchin Road, Luton LU2 7XJ



**Barratt**

## Group Accountant

The Broseley Group, one of Britain's most successful volume housebuilders, requires a Group Accountant to be based at Head Office in Leigh, Lancashire.

The successful applicant, who will currently hold a senior position, must be fully conversant with group accounts, the provision of financial management information, cash flow and budgetary control techniques. The Company is currently updating its computer system with a view to improving its information services.

With responsibility for the overall finance function and reporting directly to the Board, the ideal candidate will be aged about 35, energetic, self-motivated and probably have experience in the housebuilding industry.

Prospects are excellent and the person appointed must possess the drive and ability to merit a position on the Board.

The salary, related benefits and company car reflect the importance of this position.

Applications, marked Strictly Private and Confidential, enclosing full details of career to date, to: Mr C. H. Birch,

**Broseley**

Broseley Homes,  
33 Lord Street, Leigh, Lancashire WN7 1BY.

## FINANCIAL MANAGEMENT Top-level oil industry appointment in London

The Supply and Trading arm of the British National Oil Corporation, based in London, is seeking a senior financial executive who, as a key member of the management team, and with a staff of about 30, will be responsible for:

- Advising management on finance and accounting matters, including taxation and insurance.
- Managing the financial and management accounting activities as an aid to decision-making while providing close financial control.
- Managing treasury activities including substantial foreign exchange dealings and deployment of dollar/sterling working funds.
- Providing EDP facilities in a wide variety of commercial and some technical applications. Initially these facilities will rely on a bureau service.

The successful candidate is likely to be a Chartered Accountant

with at least ten years' post qualification experience at subsidiary company and corporate management level in a substantial commercial or trading enterprise. This experience should include proven success in establishing financial management of a new business enterprise and in foreign exchange/liquid funds management. Some experience in all aspects of the job, perhaps as principal finance officer in an operating subsidiary of a multinational concern, is highly desirable.

The remuneration package matches the seniority of the appointment, and includes company car, pension and life assurance schemes, BUPA, liberal holidays and generous assistance with relocation.

Please send comprehensive c.v., quoting ref. FMAAM/FT to: The Personnel Manager, The British National Oil Corporation, 150 St Vincent Street, Glasgow G2 5LJ.



The British National Oil Corporation

## Management consultancy?

£12,000 to £18,000+ Just the salary - or a challenging career step?



To meet the growth in demand from our clients for consulting services in the fields of Financial Planning and Systems, we are looking for further outstanding graduate accountants with practical experience in either manufacturing or commerce.

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## Pension Fund Accountant/Secretary c£12,000-LONDON

National Bus Company wishes to appoint an Accountant/Secretary for its self-administered pension scheme for hourly and weekly paid employees.

The position calls for a man or woman, probably in their 30's, able to maintain the accounts of the scheme and be responsible for the day to day management.

Applicants should have had experience in double entry book keeping, the preparation of trial balances and final accounts, and be familiar with current pension legislation. Some knowledge of computerised pensions records would be useful.

Applications to: Group Pensions Manager, National Bus Company, 172 Buckingham Palace Road, London, SW1W 9TN and marked "Strictly Personal"



**NATIONAL**

JOBS COLUMN

# Resource exchange seeks 50 joint-venturers

BY MICHAEL DIXON

IT IS just as easy to fall flat on your face, observed James Thurber, as to lean over too far backwards.

That remark has often come to mind over the past 14 months because of this column's need to maintain a professionally upright stance towards an organisation called IREX. It was partly invented by the Jobs Column nearly four years ago in conjunction with a certain Michael Bretherton, and was thereafter fostered by the aid of well over 100 readers.

Known initially as the Resource Exchange, the project was intended to promote economic activity by using information technology to create a comprehensive market. The aim was to enable people all over the world to buy and sell and so fit together all kinds of productive resource — money, products and services or new ideas for same, work skills, manufacturing capacity, specialist advice and, indeed, any other element of a business.

Although a market of this comprehensive kind has long existed in economic theory, the problems of making one work in practice have been thorny and sometimes painful. So the IREX organisation has continued to need all the help it can get, particularly — since its effectiveness will depend much on the quantity and range of "resources" which make use of

its matching service — in the form of publicity.

But its launch as a commercial venture in February 1981 posed a problem. Even though I have no material interest in the project, I cannot avoid feeling a certain parental involvement. Yet it would clearly be wrong for this column to view IREX more favourably than it does any other concern it might write about. So although Mr Bretherton has kept in touch about the venture's doings, I have leaned away from reporting any of them: until today.

Breaking the silence exposes me to charges of overbalancing in the opposite direction, of course. But IREX has just come up with an offer which not only might prove useful to several readers, but also illustrates the part the new service can play in developing more business activity.

In deepest Wimbledon lives a company of about 30 souls all told, called Climate Control. Owned by 62-year-old American Dave Rush, it makes up double-glazed components for buildings, using aluminium extrusions produced to its own designs, and sells them to construction firms and other "trade" organisations.

Mr Rush says the operation is at least breaking even if it turns over £12,500 a week, and if the bank paying-in records I saw last Friday are typical, Climate Control does a good

deal better than that. Further evidence was provided by the smiles of his staff who, if the break-even figure is bettered, each get a bonus. The best they have had in the company's 11 years of existence, I gather, amounted to 32.4 per cent of their wages.

Few people can ever have been more single-minded about anything than Dave Rush apparently is about the double-glazing business. It continues to flourish in North America where the great majority of homes have double glazing, he says. So it surely must have fine prospects here where the bulk of windows and even patio doors and such remain cold and single.

He claims that growth of demand in Britain has been deterred mainly by the unnecessarily high expense of most double-glazed components on the market. That very day the company had been approached by a builder wanting a particular unit sooner than the six weeks specified by his previous supplier, together with a price of some £460. Mr Rush undertook to supply the unit in one week for £301.

"On price alone, there's a whole pile of business, and employment, just waiting to be generated," he insists. So he is keen to expand production and sales, still exclusively wholesale, of Climate Control's patented products. But he does not want to do

this by extending his own company so that it becomes big and increasingly bureaucratic. Although preparing to double production at Wimbledon, his plan is to enter into joint ventures with about 50 other people able and willing to set up in residential centres elsewhere in Britain and first market and then also produce the same range of double glazing.

In return for half the equity of each satellite company, Mr Rush says, he would provide not only capital but also training in marketing and production for the proprietor and services including central purchasing of specified parts and materials. "On that pattern, I reckon a factory of about 20 people — and all sorts of help are on tap for starting new businesses these days — could be up to £1m turnover pretty fast. But for safety's sake I'd better say something like at least £250,000 in the first year. I'd also better say I wouldn't enter into a deal with anyone unless their solicitors vetted and carried it through on their behalf."

The only problem is that although he would be willing to set up a few subsidiaries entirely from his own resources and employ people to manage them at £10,000 salary plus bonus on results, he would much rather set up the satellites as joint-ventures with his associates putting in capital of their own.

And the sum they would need would be at least £40,000 for the smallest practicable venture, and around £100,000 for one which Dave Rush views as the optimum size. People able to back their ability to run a business with that sort of money are scarce.

Which is where IREX returns to the story. It has channelled the detailed proposals drawn up by Mr Rush to certain large financial institutions who are on its register of resources as would-be investors in new enterprises. As a result, the institutions have agreed to provide from £35,000 to £60,000 backing to people deemed suitable to set up the double-glazing joint ventures but who can find only £5,000 to £40,000 of their own.

In that case, of course, the institution concerned would want an appropriate percentage of the half of the equity not held by Climate Control. But this third-party backing which has been found and is now on offer through the new comprehensive market should surely open the prospect of starting one of the joint-venture businesses to people who would otherwise be denied it.

The only remaining problem is to find enough candidates able and willing to pursue the opportunity further. And here IREX has returned briefly to the parental knee of the Jobs Column. Interested readers

should contact Michael Bretherton at Snow House, 103 Southwark St., London SE1 0JF; telephone 01-433 0424, telex 25137 SmaWil G.

## Overseas aids

OF THE raspberries which have been blown at this column, one of the loudest greeted its comment not long ago that people who go to work overseas are "entirely on their own." The rejoinder came from Expatriates International.

It was formed in 1979 by Keith Edmonds and Renee Anderson who met when working in Algeria and decided there was need of an independent agency on which expatriates could call for help. He now runs the UK branch from 62, Triton Road, London SE21 8DE; tel 01-670 8304 or 4411, telex 894583 Expats G. Miss Anderson runs the U.S. arm from PO Box 302 Williamsburg, Virginia 23185; tel (804) 220 1066, telex 804294 Spedex.

Meanwhile, Resident Abroad, a journal related to the FT which caters for expatriates from the UK, has just published a further source of help. It is "The Expatriate Survival Kit" which contains detailed information on potential problems ranging from tax to education. The kit, price £9.50, can be obtained from the journal at Grey-stoke Place, Fetter Lane, London EC4A 1ND.

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Northern Home Counties

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Application should be made in writing and must include a detailed résumé of the applicant's academic career and subsequent experience to date in the case of any post-graduates applying.

Applications, enclosing a curriculum vitae, should be sent to: — Mr P.M. Lefevre, Head of Personnel, Morgan Grenfell & Co. Limited, 23 Great Winchester Street, LONDON EC2P 2AX

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To apply please write with personal and career details to Mike John, quoting ref: IB/502/FT, at the address below. Please list separately any companies to which your application should not be forwarded.



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Please write, enclosing full details of experience, qualifications and current salary, to:

Mark Forrester,  
Assistant Director (Personnel),  
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Please attach a list of any companies to whom you do not wish your application forwarded.

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City Personnel Officer, Personnel Department,  
Snow Hill House, 1 and 19 Barwick Street,  
Birmingham B3 2PF.  
Curriculum vitae will be required.

**BIRMINGHAM  
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Box A1944, Financial Times, 10 Cannon Street, London EC4P 4BY

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Please write with full details of your career to date to: Sue Pitchers, Senior Personnel Officer, Honeywell Information Systems Ltd., Honeywell House, Great West Road, Brentford, Middlesex. Tel: (01) 568 9191.

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Please write to:  
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FINANCIAL TIMES

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Thursday April 29 1982

TREASURY MODEL—PART ONE

A tool, but not an oracle

By Samuel Brittan

A question of proportion

THE GOOD news about the Falklands dispute yesterday was that negotiations are still in a new Haig plan for a successful settlement—sometimes described in more elevated terms as a Reagan plan—is said to be under discussion in both London and Buenos Aires. Also, the air exclusion zone to be imposed by Britain around the islands will only go into effect tomorrow. The zone is, in effect, an extension of the naval blockade already in place. It suggests a rather more restrained escalation of the conflict than sometimes seemed the case on the basis of Government statements earlier this week. It also provides a better backdrop to today's debate in the House of Commons than a war which has already broken out.

Weaknesses

The debate matters. It could try well to be the last debate on the subject before hostilities commence. It is very important for the Government to state with more precision than it has done so far what its objectives are. It will be no less important for those with reservations—in whichever part of the House they sit—to make them known. One of the weaknesses of the Government's position is that, despite the coming and goings of Mr Haig's diplomacy over the past few weeks, it has never really said what it is about. We have been told that the Government is ready to compromise, but that this or that issue is difficult. Mrs Thatcher says sometimes that she is defending a principle, but which principle is not always clear. Is it the right of the Falkland Islanders to self-determination or is it that aggression must not be allowed to go unpunished? The Government owes it to the House and to the country today to say exactly what its objectives are.

There must also be now by a sheaf of proposals and counter-proposals. The Government needs to say what they are and why particular proposals, sometimes apparently backed by

the Americans, are considered objectionable. It ought to make known its own negotiating position. Otherwise it will be asking the House of Commons for a blank cheque. That should not lightly be given. Our own reservations continue to be much as they always were. We doubt whether the military exercise, if undertaken to the full, will turn out to be quite as surgical or as easy as some commanders suggest. More than that, the political objective, which ought to be behind any use of force is obscure. It is not at all clear what Britain would wish to do next even if an invasion of the islands were 100 per cent successful. It is a question of proportion: how many lives are worth risking in order to retake the Falklands and then to negotiate a settlement later?

A policy for the dollar

POST-WAR monetary co-operation between the U.S. and Europe came of age in February 1962 with the setting up of the first of a network of mutual credit lines to finance currency intervention by the Federal Reserve and European central banks. In spite of the ups and downs, notably under President Nixon and during the first half of the Carter presidency, the relationship was extended throughout the 1960s and 70s. This coincided with a period of détente of another kind, over East-West relations. It is therefore doubly ironic that, 20 years later and 15 months into President Reagan's government, transatlantic monetary co-operation has all but broken down.

Fluctuations Not only has this happened at a time of rising East-West strains. The extra economic difficulties caused for Europe by fluctuations of the dollar and of U.S. interest rates have arguably soured the chances of accord within the Atlantic Alliance itself on common policies towards the Soviet Union. Exchange rate fluctuations since the beginning of 1980—a period in which the U.S. has largely refrained, on principle, from intervening on the foreign exchanges—have been extreme by any standards, both day-to-day and over longer periods. The volatility has partly mirrored the turbulent world political scene, which central banks can do little to control. But the reversible, saw-tooth nature of recent swings suggests that timely and coordinated intervention by a number of central banks might have been successful in "smoothing" the peaks and the troughs within a more manageable range.

Intervention If central banks have the expertise to behave as benign counter-speculators, by buying dollars at the lows and selling at the highs—as the West Germans and Swiss have done over the last three or four years—they can earn substantial profits for the taxpayer. The British experience of the last six months suggests that once the authorities have selected a credible exchange rate, objective, backed up by an appropriate interest rate policy, stability can be achieved with little net intervention cost. Since European central banks are already intervening in dollars, a commitment by the U.S. to re-start intervention would not significantly affect the operation of domestic American monetary policy. It could however have a psychological effect in helping to lower currency fluctuations. Washington should have an interest in demonstrating that the price of a strong monetary policy does not need to be disorder on the exchange markets.

A NEW catchphrase has been introduced into economic discussion, "tested on the Treasury model." The expression is often used as if it were a badge of good quality awarded by some high authority.

The model has been used for two main purposes: forecasts and "simulations" of the effects of alternative policies. But the use of the model to justify widely differing views must have puzzled many people. For instance the new Economist Intelligence Unit forecast, shown as Variant A in the table is based on the Treasury model, but is slightly more pessimistic on output and a good deal more pessimistic on inflation. ITEM, the other organisation which regularly publishes forecasts based on the Treasury model has itself been consistently far more pessimistic on output and employment than the EIU. The discrepancies between the two organisations over the three years from 1980 to 1983, cumulate to well over 4 per cent of GDP, enough to make a difference of three-quarters of a million to total employment. Thus common use of the Treasury model is no guarantee of a common result.

An even more striking difference emerged between an EIU simulation last January of the effects of improved productivity and a similar simulation by the Treasury itself in its NEDC Paper. The EIU exercise indicated that a sustained improvement in productivity growth would indeed give a substantial boost to output growth and reduce inflation, but also increase unemployment—by half a million over three to four years for a rise in annual productivity growth from 1 1/2 to 3 1/2 per cent for the whole economy. The Treasury Paper on the other hand indicates a modest fall in unemployment after a one-year lag, but no lasting effect on inflation. Each side accepts the other's good faith: the model can be operated in different ways.

Aggression Argentina is grievously at fault. About that there is no question. But the best way to deal with national aggression is to seek a better international order. To strike back with superior national force would not necessarily advance the cause which the Government claims to support. We are not yet convinced that diplomacy is finished.

Not before time, the Chancellor hit back at the March NEDC meeting with a Paper also based on the model, claiming that most suggested packages were not only inflationary, but that any temporary favourable effects on output and employment would more than reverse themselves in three to five years. It was hardly surprising that TUC economists complained bitterly that this was not the "real" model they knew and loved.

Energy men fall out While Mrs Thatcher's thoughts are rightly with the Task Force to the virtual exclusion of domestic matters, the troops in the National Coal Board and the Central Electricity Generating Board will soon lose their leaders. The doctored Sir Derek Ezra and the affable Glyn England will shortly be retiring from their posts as chairmen of—respectively—the NCB and the CEBG. Neither has been asked to stay on for a further campaign, whatever rumours you may have heard.

Delayed action Sheffield steelmen are detecting more sour grapes than grapefruit in the unexpected assault by Oliver Jessel this week on the management policies of Johnson and Firth Brown, the steel and engineering group that he put together in the early 1970s.

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ALTERNATIVE PREDICTIONS WITH TREASURY MODEL

Table with columns for Year (1981-1986) and rows for GDP, Retail Prices, Unemployment, Money Supply, PSBR, and Average Earnings. It compares Treasury forecasts with Variants A, B, and C.

\* "Central estimates." † 4th Quarter on 4th Quarter. ‡ GDP deflator. § 2nd Quarter on 2nd Quarter. ¶ Applies to M1, Sterling M3 and PS12 taken together. || Financial years.

first principles, some good will have been done. But it would be a pity if the baby were thrown out with the bathwater. For although these models are neither substitutes for thought nor economic versions of Old Testament prophecy, they can be useful tools when their limitations and nature are realised.

As a result of the "Bray Amendment," which was carried in 1975 when the Conservative Opposition voted with Labour rebels for largely opportunistic reasons, the Treasury was compelled to publish at least twice a year the main outlines of its forecast and also to make its full model available for a fee to bona fide outside bureaux.

The model contains over 1,000 variables listed by mnemonics such as "EOIL" (employment in North Sea Oil and Gas Extraction). It contains 650 equations and identities. An inner core of 250 of these are regarded as "behavioral" equations, i.e. they provide the key economic relations. The Treasury has always emphasised that a good deal of judgment goes into the forecasts it produces either publicly or for Ministers; and outside users have to sign an undertaking not to claim that their applications of the model are genuine Treasury forecasts.



Variant A is that provided by the EIU for the St James's Club in its new April forecast. As an example of the kind of judgment required, it has assumed a Tory-Social Democrat coalition from 1984, introducing a VAT cut to 12 1/2 per cent that year, a moderate increase in public expenditure and membership of the EMS at a lower exchange rate. Like many other consensus forecasts

it shows actual unemployment falling only very gradually from a peak of 8 1/2 in 1982. In the second specially commissioned run, Variant B, the EIU was asked to feed in an initially more depressed world trade environment, reflecting the difficulties of the U.S. and German economies, plus lower world inflation, but also a productivity improvement of nearly 1 per cent compared with the base run. Adherence to the "broad thrust of the financial strategy" was also requested. Wages in the second run are assumed to increase by a little less than the EIU expects, but no dramatic response in labour markets is presupposed, to result in no one's surprise, is that output rises by 1 to 1 1/2 per cent per annum faster and inflation falls more quickly to below 8 per cent by 1984. But in this particular run unemployment is somewhat worse—a characteristic which the reader does not have to take on trust.

The third run, also specially commissioned, is not intended to be any kind of forecast, but is an attempt to show what would have to happen in terms of the EIU-Treasury model for unemployment to fall more quickly without major "reflation" (since this seems to be the main gap in the simulations made by others). The main requirements are that wage increases decline more quickly in

response to slack labour markets and that companies plough back much of their improved profits and cash flow into fixed capital. It can be seen that unemployment falls to well below 2 1/2 in the mid-1980s. It would almost certainly fall further towards 2m if the tax cuts consistent with the financial strategy were made in the form of VAT reductions. My intention was to show the effects of more competitive labour markets with wages nearer market clearing levels. But others may ascribe some of these improvements to a hypothetical (and in my view unlikely) incomes policy in which the profit share is allowed to rise sharply from its present depressed level. The model cannot tell us which policy to try.

Enquirers about the model are asked by the bureaux what assumptions they wish to make on a great variety of subjects; but in the case of, for instance, M3, they often have to be helped out by advisers' suggestions. The assumptions which are made before the forecast is started are called "exogenous" and the variables which are themselves forecast by the model are called "endogenous." But the examples already cited show that the distinction is not always entirely clear-cut.

Some of the items on which the Treasury model tries to make his own assumptions are indicated in the text to the table. The examples are far from exhaustive. A user has to decide whether the money supply or interest rates should be taken as fixed by policy (they cannot both be) and whether the exchange rate is fixed or floating. He now has to decide how seriously to take the cash targets for public expenditure in the event of inflation rising faster than anticipated. He has also to decide whether simply to forecast the PSBR on conventional assumptions about tax indexation or whether to assume that the Government will intervene if the PSBR moves out of line with the published objectives.

Some assumptions about World Economic Prospects can, if desired, be obtained from another Treasury model "WEP", although this is not in fact used by the EIU. The main Treasury model contains alternative options for forecasting a number of important variables; for instance the money supply, interest rates and exchange rates. The model is extremely flexible and can accommodate a number of different judgments both about how the economy functions and how to modify equations in the light of past errors, new developments or policy changes without major re-programming. A "Type 1 Fix" overrides a forecasting equation entirely. A "Type 2 Fix" imposes a new judgment by less drastic means. Equations now "overridden" include those for earnings and prices, stocks, bank lending and Sterling M3—no less. Most important, but most difficult of all, the Treasury now tries to take account of "announcement effects." For instance, a reflexionary package likely to be seen as a major change of course would be expected to have a much more unfavourable effect on gilt edged prices, sterling and inflationary expectations than a mechanical adding together of the various elements would suggest. Such major effects might be signalled by the innocent-sounding warning that the effects are "non-linear" if large policy changes are made. Not all adjustments to the model involve high policy. There are many technical problems in solving a complex equation system; and several trial runs might be necessary to eliminate nonsensical or entirely implausible results, as I know from my own brief experience. The above enumeration surely makes it clear that there is no such thing as "the Treasury model" which can be applied mechanically to give agreed answers. Anyone who takes a look at what is going on, and is not prepared to let an "expert" make his economic or political judgments for him, soon finds out that on crucial issues he has to tell the model far more than the model can tell him. The main uses of such models are (a) as research instruments, and (b) as tools for policymakers or forecasters prepared to do their own thinking.

Part II will appear next Thursday.

Men & Matters

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Banker bet

To be born with a silver spoon in one's mouth is not quite the thing in Hong Kong—a porridge spoon is much preferred. Scottish birth, or at least a commission in the King's Own Scottish Borderers, rarely stands to a man's disadvantage in Hong Kong business life. WHEP Purves has the benefit of both, to say nothing of a financier's acumen which has already made him a general manager of the Hongkong and Shanghai Banking Corporation.

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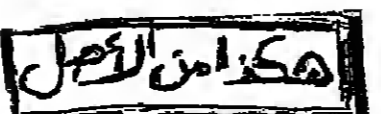
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هكزان الاعمى

THE FALKLANDS CRISIS

# Weighing the invasion option

By Bridget Bloom, Defence Correspondent

"OUR battle group is properly formed and is ready to strike" so three days ago said Admiral John Woodward, commander of Britain's naval task force in the South Atlantic.

His words fuelled speculation that, after the weekend's successful capture of South Georgia, the use of the task force against the Falkland Islands themselves was imminent.

Yesterday's announcement that Britain would establish a complete air and sea blockade of the Falklands from midday on Friday reinforced this speculation. At the least it is a clear indication of the Government's determination to pursue a military option if necessary.

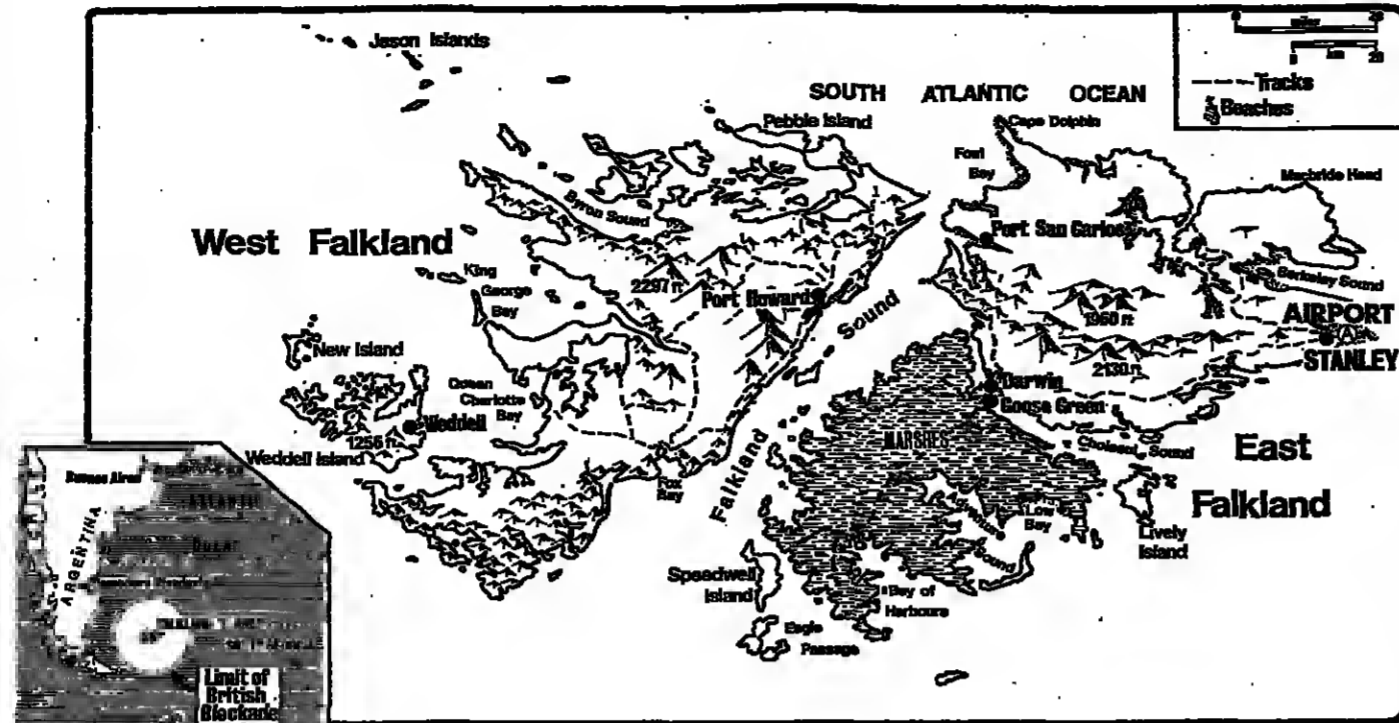
The task force, after three weeks at sea, has now stationed itself where it can both impose the blockade and be ready for battle if the orders are given.

What are the military options available to Admiral Woodward and his armada of warships, their complement of jump-jet fighters, anti-submarine and transport helicopters, and dozens of support ships—perhaps 50 vessels in all? The range is not particularly wide. The military options are first and foremost conditioned by the political aims they are designed to achieve—a withdrawal of Argentine forces in accordance with the mandatory UN resolution 502 and the least possible loss of life, particularly among the 1,500 strong British community on the Falklands.

While military planners have been analysing the possible options over the last three weeks in the greatest detail, it is not clear that orders for action beyond the establishment of the air and sea blockade have yet been given.

Admiral Woodward's battle orders remain secret. From the best information available it would seem that the preferred strategy is to isolate the main contingents of Argentine forces in and around Port Stanley in the hope of expectation that they will withdraw or surrender without major confrontation and loss of life.

A key factor being weighed in the balance is the nature of the islands, which contrary to some reports, could favour the invaders. The islands are the size of Wales but so indented is the coastline that it is quite



Graham Laver

undefensible with the size of force which the Argentines are thought to have on the islands. The task force could, in other words, find plenty of safe landings. It is suggested that of the 6,000-7,000 troops there, at the most one battalion, or perhaps 600 men, is on West Falkland, two or three are scattered on some of the likely landing beaches, while the majority are in Port Stanley itself.

These forces are not thought to be particularly mobile, mainly because of the exceptionally difficult terrain of the islands. Above all, it is suggested that, unlike a British invading force, they would not have transport helicopters.

A possible scenario for a task force invasion of West Falkland would be for the assault ship Fearless to detach from the main task force which is probably even now stationed some 100 miles off East Falkland. Fearless, escorted by a minimum of three but probably four or five destroyers and frigates, each of which provides air cover

and anti-submarine protection, would engage in a beach landing in one of the many, relatively sheltered inlets of West Falkland near the main Argentine garrison, which would have been fully reconnoitred beforehand. Former naval officers point out that Britain's knowledge of Argentine positions and movements is far superior; it comes from satellite, and air reconnaissance, as well as from on-the-spot reconnoitring by the Navy's highly secretive Special Boat Squadron, elements of which are almost certainly on the islands already.

"We should know exactly where they are, even to discovering which beaches they've mined," comments Admiral Lord EMB-Norton, a former Chief of Defence Staff. By contrast, the Argentines are thought to have little air reconnaissance, or the sort of battlefield radar, for example, which allows the Royal Marines and other troops to fight at night.

It seems probable that an attack on West Falkland would

involve a simultaneous landing of troops from the Fearless flat-bottomed landing craft and from Sea King and Wessex helicopters, the latter in particular giving great mobility.

Similar tactics, it is thought, could be applied later with the detachments actually on East Falkland. The attacks are unlikely to be undertaken at the same time, however, partly because of the psychological advantage of gradually closing the pincer on Port Stanley but mainly because the resources of the task force, considerable though they are, could be overstretched. Nevertheless, the Task Force has more ships than the entire Argentine navy.

This sort of action should, of course, be seen against the background of the sea and air blockade, and a probable attempt by the task force not simply to cut the Port Stanley garrison's communications with the hinterland, but also the garrison's links with headquarters in Buenos Aires.

Of the two forces, there is

no doubt that the British is the best trained and most experienced. Argentina's is a conscript force, and while officers and NCOs in the Falklands are career or long-serving personnel, many of the soldiers may not have been in the army for

TV and press reports and letters from the Falklands which indicate that Argentine forces are poorly clothed, housed, hungry and cold are also being taken into account, as are problems caused by a shortage of water in the Falklands—the only piped supply is in Port Stanley, and that is severely under strain.

A number of tactical problems may be causing some concern to British officers, however. There is the dilemma, for example, of whether or when an attempt should be made to crater Port Stanley's airstrip.

A much discussed factor is the weather, which as winter approaches can produce gale force winds and high seas with great frequency and unpredictability. Winds of above 50 knots could make helicopter landings difficult.

The problems of landing men from the assault craft are also considerable in rough weather—though here it is easier to wait, or find calmer inlets. Military men tend to play down the problems of sea sickness: the Marines at least are used to the sea, while healthy men are said to recover very quickly once on land.

While the experts do not pretend that action against the isolated detachments of Argentine troops will be bloodless, they acknowledge that if they are forced to attack Port Stanley itself much blood could be shed if the Argentines resist for long, even though their defences, involving improvised trenches connecting properly built "pill boxes" or strong points, may be fairly primitive.

Curiously perhaps, British planners do not seem to think that the Argentines will take hostage any Falkland islanders left in Port Stanley, if only because of the poor international publicity they would receive. Most islanders are now believed to be in isolated farms, with less than 200 in Port Stanley.

## Lombard

# The interest rate mystery

By Nicholas Colchester

THE CURRENT LEVEL of U.S. dollar interest rates is the eighth wonder of today's world. The six-month rate now runs at about 7 1/2 per cent above the rate of U.S. inflation officially forecast for this year. The same real yield is offered on a 20-year Government bond.

American economists have never seen such real rates combined with an economy in recession, whose appetite for borrowed funds should, in theory, be dwindling.

Various convenient scapegoats have been identified for this state of affairs and for the pain which it is causing to economies across the world. There is the U.S. budget deficit and the outlook for it over the next few years. There is the rather brutal style of the Fed's monetary control. There is the miraculous power attributed to "sentiment" on Wall Street, which, we are told, can somehow levitate interest rates across the maturity spectrum.

But borrowing is still needed because companies, countries and individuals are trapped in a vicious circle of high debt, high rates and falling incomes. The resulting migration of borrowers and savers towards the shorter end of the maturity scale leads them all into the waiting jaws of the Federal Reserve. Since 1979 the Fed has let the price of short money rip and concentrated on controlling the volume. With U.S. industry, for example, driven by its past excesses into increasing its bank debt by one-fifth over the last year, while U.S. money supply has been allowed to rise 6 per cent, it is not surprising that interest rates have a job to do in reconciling supply with demand.

Assuming the Fed remains hard-hearted to the pleas of the indebted, high interest rate withdrawal symptoms will only fade as the gap between perception-induced supply of credit and reality-induced demand corrects itself.

On the demand side this means the collapse of the unfit and over-gear (disinflation means, after all, that selected cash illusions are destroyed rather than all being devalued). On the supply side it means that uncertainty about future inflation must be sufficiently reduced to allow a re-opening of sources of finance beyond the reach of monetary control.

Time, restraint of Federal deficits, and indexed-bonds could all be of help here. And when and if this greater certainty is allowed to take root, long-term bonds will have proved a wonderful buy at the real yields they are now offering the unbelievers.

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### Uncertainty

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## Letters to the Editor

### The Falkland Islands: unwavering support

From Mr F. Anderson.  
Sir,—While it is true that the International Court of Justice cannot adjudicate in a dispute if one party refuses to accept jurisdiction, it is also true, according to Encyclopaedia Britannica, that the General Assembly or Security Council of the UN can ask the International Court of Justice for an "advisory opinion" on any question submitted to it.

While such an opinion on the Falklands dispute would not be binding on either party, its publication would reinforce the arguments of those seeking to achieve peace by negotiation.

F. F. Anderson,  
110, Whitbush Road,  
Hitchin, Herts.

From Mr G. Ledebor.  
Sir,—Your leader (April 27) in giving less than whole-hearted support to Mrs Thatcher suggests that the seeking of a diplomatic solution to the Falkland crisis should be extended beyond the Raig mission before any further military action.

It does not suggest, however, any time limit to the shilly-shallying of either the United Nations in the case of one of your suggestions or of Argentina's agreement to taking the case to the International Court of Justice—during which Argentina would no doubt be reinforcing its troops in the Falklands.

G. P. Ledebor,  
"Linnwood",  
Framwood Road,  
Fulmer, Bucks.

From Mr W. Holford.  
Sir,—If we can use simple terms and plain words, what you have said (April 27) is that des-

pute naked and unprovoked aggression by Argentina—despite the fact there are nearly 2,000 Britons under the heel of a neo-Nazi administration—despite the fact that thousands of our sailors and soldiers are at serious risk on high seas and every day that passes makes this situation worse for them, and finally despite the fact that the Argentine military junta has absolutely no intention of negotiating anything except—what we have invaded we keep—you threaten that if "Thatcher doesn't talk until the cows come home"—regardless—you and your friends in opposition will withdraw your support.

Your article will of course give comfort to the junta and I was struck by the remarkable similarity of many such editorials I read during the period 1933-1939.

Every fresh conquest by Hitler or Mussolini was accompanied by pages of advice in the papers of the day extolling the virtues of negotiations and the horrors of war. The eventual holocaust where more than 25m people were maimed and killed was the direct result of the influence of editorials such as yours over a period of years.

W. Holford,  
110 Hompton Road,  
Hilford, Essex.

From Mr P. Tray.  
Sir,—Sited some 500 miles from the closest point of mainland Argentina, the Falkland Islands are some 16 times farther from the United Kingdom than the Argentine. Yet it is the Latin countries of the American continent who are seen for "de-colonisation"—unlike the Falklanders themselves, who

prefer to remain a British colony.

Previous "de-colonisations" appear invariably to have resulted from a desire on the part of the colonies concerned for independence. Thus the Falklands situation is a very different kettle of fish indeed.

Even today, a major European power still has a colony some 200 times farther from home than from the American mainland. I refer to the islands of St Pierre et Miquelon, whose police is provided by the French Gendarmerie Nationale, the French franc is the currency, and its citizens are liable to national service in the French forces. As far as I could judge during a very brief visit, the inhabitants seem to be as French as the Falklanders, and about as unenthusiastic at the prospect of changing their colonial status.

Insistence by third parties on "de-colonisation" against the wishes of the people concerned is surely a new and vicious "principle" which should be resisted with all force necessary.

If, as the Argentines claim, they can indeed offer the Falklanders more than the United Kingdom, then let them be permitted to maintain a civilian mission in the Falklands to explain their proposals to the people. Provided that all military presence was withdrawn, presumably neither EMG nor the restored Falklands administration would object to this—nor to such a mission flying the Argentine flag, which seems to be such an emotive issue.

Peter H. Tray,  
Richard Archib and Co.,  
Victoria House,  
Southampton Row, WC1.

### Lloyd's should make its own changes

From Mr J. Hobbs  
Sir,—Would it not be better for Lloyd's to manage its own business by making such changes as may be necessary in its agreements with names underwriters, brokers, etc. without relying on a blanket Bill which is obviously far from finding universal approval?

John H. Hobbs,  
26, Boulevard des Moulins,  
MC Monte-Carlo.

### Secrecy in local government

From Mr D. Berridge.  
Sir,—With respect to the leader of Swansea City Council (April 20), may I emphatically respond that the exact opposite is the case? Local authorities and government are not too weak, they are far too powerful. Who, for example, planned and organised the takeover of Whitchurch? Cardiff. We couldn't stop them. We weren't asked. We did ask for the takeover of the old Cardiff steel works. We were scornfully ignored. We did ask for our own bank. We didn't even get a reply; we got the Standard and Chartered Bank of Commerce.

Let any who doubt me, try to find out what are the detailed spending plans of their local authority for the next three years. Try to get detailed reports of all the votes on all committees. Try to get verbatim copies of all resolutions, try to get an information service published to inform the voters who pay the taxes what the plans are.

J. D. Berridge,  
29 Heat Don,  
Whitchurch, Cardiff,  
Glamorgan.

### Still flying high

From Mr A. Walker  
Sir,—Referring to "Shot Down" in Men and Matters (April 21) the advertising agents for Pan Am with their launching of jet travel when other airlines could think no further than propellers should have met the captain of a BOAC Comet flight Johannesburg/London in 1953, who, when passing over the Alps, announced over the loudspeakers that if the passengers would care to look out of the windows on the right hand side of the plane they would see below them Pan Am's Constellation which left Rome bound for London one hour ahead of us.

A. E. Walker,  
P.O. Box 174,  
3780 Gstaad, Switzerland.

### Planning in the dark

From Mr J. Toporowski  
Sir,—In his Economic Viewpoint entitled "Planning in the dark" (April 22), Anthony Harris questions "Why it is apparently assumed that adjustment crisis, which are so high in the public sector, apparently do not matter in the private sector, which has to do all the adjusting." The answer is simple. With the notable exception of oil, the private sector gave up a long time ago engaging its resources without government guarantee. In long term investment projects (such as infrastructure and most branches of heavy industry)

precisely because of the high adjusting costs incurred in adjusting investments with long gestation periods to changing economic circumstances. It is for this reason that vigorous public enterprise with a broader and a longer term perspective than that reflected in existing capital and other markets is a necessary condition for economic revival in Britain.

Incidentally, that same day, you comment on the escalating cost of the Chevaline nuclear warhead project, which has risen to £1bn from a mere £172m in 1972. This problem is a familiar one to Eastern European economic planners who have found that time and again industrial managers present cost projections for investment

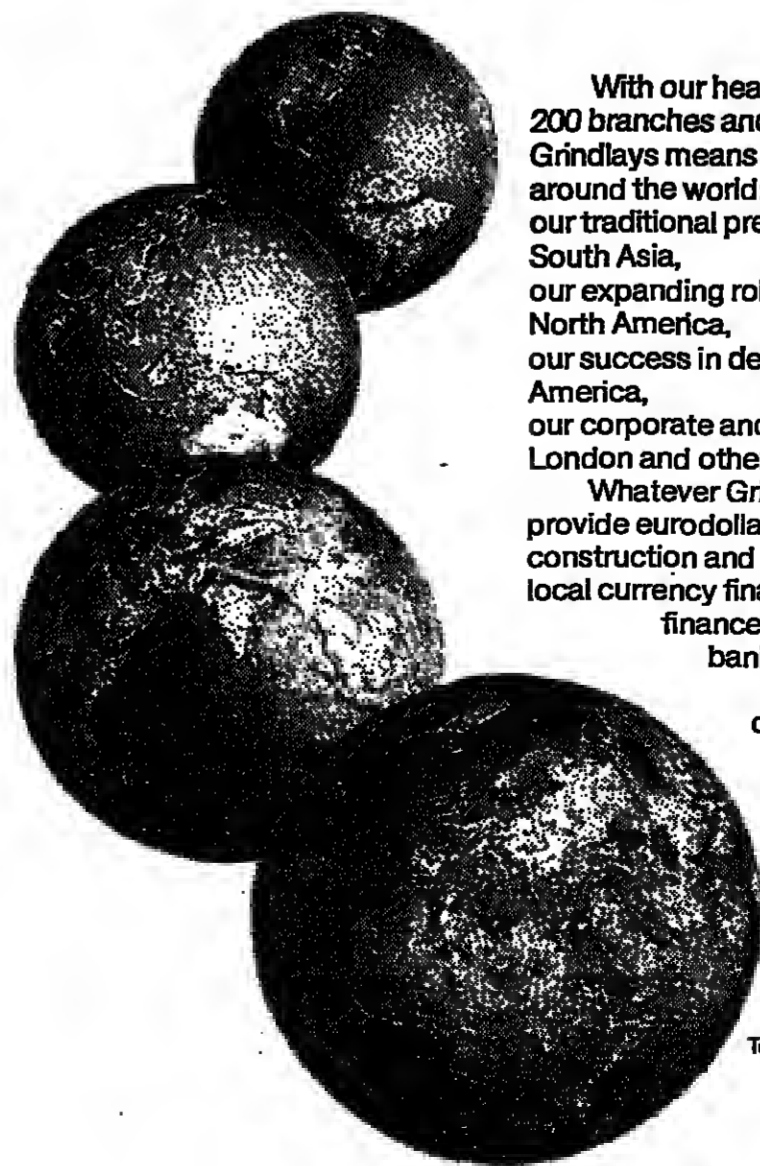
schemes which seriously underestimate true costs. The purpose of this is to "sell" their schemes to central policy-makers who, having started these frequently extravagant projects, are naturally loath to waste resources by cancelling them in mid-construction.

Perhaps Mrs Thatcher could get together with Mr Brezhnev and discuss the problem, if only to learn from each other's experiences. The Soviet experience may well be instructive, while such exchanges would certainly provide a sounder basis for peace in the world than the expensive hardware that both sides are continually being persuaded to invest in.

Jan Toporowski,  
28, Warrington Crescent, W9.

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UK COMPANY NEWS

BAT Industries climbs to £684m

THE "significant advance" forecast by Sir Peter Mazon...

Tobacco has again been the major contributor to trading profits...

market that reached record level in 1981...

There were mixed fortunes in the paper division where turnover rose from £709m to £795m...

TR profits increase to £13.83m

THE BLETCHLEY-BASED group Telephone Rentals increased pre-tax profits from £12.25m to £13.83m in 1981...

Current cost accounting gives pre-tax profits of £7.96m (£8.65m).

Overseas boost pushes Blue Circle up 31%

CONTINUING growth in profits from the overseas activities of Blue Circle Industries ensured that the pre-tax surplus for 1981 jumped by 31 per cent from £79.5m to £104.1m...

DIVIDENDS ANNOUNCED

Table with columns: Current payment, Date of payment, Dividend, Total for year, % on last year

Dividends shown pence per share net except where otherwise stated. \* Equivalent after allowing for scrip issue. † On cost increased by rights and/or acquisition issues. ‡ USM Stock.

(£17.8m); the Americas £44.8m (£25.3m); Asia and the Middle East £7.1m (£4.5m).

Savoy cuts losses to £604,000

PRE-TAX losses of The Savoy Hotel in 1981 fell from £1.7m to £604,000...

balance for the year of £8.05m (£871,000). Retained profits improved from £9.26m to £15.05m.

Orders rise by 61% at Acrow

Acrow's order book is up 60 per cent on April 1981 and the equipment manufacturing group is budgeting for turnover of £200m this year...

Whatman Reeve leaps to £1.9m

GROWTH HAS continued in the second half as laboratory supplies manufacturer Whatman Reeve Angel profit rose from £316,000 to £899,000...

technology share—has actually eliminated £1m of losses and helped to reduce the interest charge.

PEARSON LONGMAN · DOULTON · MADAME TUSSAUD'S · PEARSON & SON GROUP RESULTS FOR 1981

Table with columns: 1981, 1980, Turnover, Group profit before tax, etc.

A strong performance in the second six months by many of our businesses produced profits before tax usefully higher for 1981 as a whole.

Hunting Petroleum at £7.49m

BETTER THAN forecast pre-tax profits of £7.49m have been shown by Hunting Petroleum Services for 1981...

At the midway stage pre-tax profits were ahead at £2.77m (£1.93m).

Yearlings total £12.5m Yearling bonds totalling £12.5m at 13 1/2 per cent redeemable on May 4 1983 have been issued this week...

M. J. H. Nightingale & Co. Limited

Table with columns: 1981-82, High/Low, Ass. Inc., Div., Price Change, Gross Yield, % of Actual 1981

Prices now available on Prestal page 4814B.

Jessel, Toynebee PLC

Bill Brokers and Bankers Members of the London Discount Market Association

Preliminary Statement

Table with columns: 1981/82, 1980/81, Net profit, Ordinary dividends, etc.

The proposed final dividend is 3.25 pence per share making a total net distribution of 5.0 pence per share (1981 same).

The annual general meeting will be held on Wednesday, 9th June 1982 at 4.00pm.

The proposed final dividend will be paid on 10th June 1982 to all shareholders on the register at 13th May 1982.

Table with columns: 5th April 1982, 5th April 1981, Capital and published reserves, Loans and deposits etc.

THE TRING HALL USM INDEX 121.1 (+0.8) Close of business 23/4/82. BASE DATE 10/11/80 100. Tel: 01-638 1591.

LADBROKE INDEX Close 573-578 (+7)



**MINING NEWS**

**De Beers plans to maintain traditional role**

BY GEORGE MILLING-STANLEY

THE REDUCTION in the dividend from De Beers Consolidated Mines, which struck the share market earlier this year, is explained by Mr Harry Oppenheimer, the South African company's chairman, as reflecting the group's determination to carry out its traditional stabilising role in the diamond industry. It has long been the group's policy to withhold stones from the market at times of slack demand, rather than to cut prices. This policy is carried out through the Central Selling Organisation, which handles the marketing of some four-fifths of the world's output of rough (uncut) diamonds. The diamond business is of course still suffering the effects of the worldwide recession, and Mr Oppenheimer said in his latest chairman's statement that the board's decision to have the final dividend for 1981 was influenced by expectations of a further rise in diamond stocks this year. The posted value of the group's stocks of uncut stones doubled to R1.4bn (£750m last year). Mr Oppenheimer went on to dispel any speculation as to De Beers' ability to finance a stockpile of such unprecedented size, by pointing out that the group has its own facilities with which to store its diamonds. These arrangements, he said, were made possible by the "conservative dividend and

sound investment policies of the past. De Beers has taken a number of steps to counter the low level of demand for diamonds. These have included determined efforts to match supplies on offer with the requirements of customers, and short-term production cuts. Output last year, excluding the newly-opened Jwaneng mine in Botswana, increased from 14.7m carats to 15.4 carats as part of a long-range plan to lift group production to 19m carats, but cutbacks made in recent months are likely to lead to a fall to around 13.8m carats in 1982. Mr Oppenheimer believes that these moves, coupled with the decision to increase stockpiles substantially, have by now solved the problems that were specific to the diamond industry, and were largely a result of speculation in the cutting centres. The recession remains the major problem, especially insofar as it affects the economy of the U.S., by far the world's biggest market for diamonds. The group is confident that it is equipped to see out what remains of the bad times, and to take full advantage of better economic conditions when they return. The shares fell 3p to 220p in London yesterday in advance of the publication of the annual report.

**Loss at Greenvale**

THE PARTNERS in the big Greenvale nickel-cobalt operation in Queensland continued to incur substantial operating losses in the three months to March 31, reports Ian Perkin from Melbourne. The partners each with a 50 per cent interest, are Australia's Metal Exploration and Freeport Minerals of the U.S. Actual results for Greenvale are published only at half-yearly intervals, but some idea of the project's performance can be gleaned from Metals Ex's latest quarterly report. This shows that the Australian company's 50 per cent share of Greenvale's operating loss was A\$3.94m (£2.3m), which indicates a total loss for the project during the quarter of A\$7.88m. The latest result compares with a total loss of A\$5.46m in the first three months of 1981, and brings the total loss on the

project in the nine months to the end of March to A\$11.56m, against a profit of A\$4.92m in the same period of the previous year. The poor operating performance reflects the worldwide weakness of nickel and cobalt prices and the rise in Australian working costs, especially the high price of fuel oil. The Greenvale partners are currently converting part of the plant to coal-firing from oil, and this should have an impact on future costs, as will the recent downturn in world oil prices. These factors are not, however, expected to turn the operation round into profitability. That will require an upturn in metal prices. Metals Ex itself lost A\$170,000 during the quarter on the operations of its Nepean nickel mine in Western Australia, but the group is still able to report profits for the nine months of A\$301,000.

**Wit Nigel cuts costs**

THE INDEPENDENT South African gold producer Witwatersrand Nigel managed a sharp reduction in working costs during the March quarter, as a result of the previously-announced policy of curtailing operations. Nevertheless, the mine still turned in a net loss for the period of R 123,795 (£59,000), against a deficit of R 355,253 in the December quarter, as the gold price received was too low to cover expenses. The loss was struck before receipt of state assistance, which totalled R1.2m. The company said this was part payment of accrued claims of R1.4m. If the grade of ore in the areas now being worked and the gold price are maintained at

present levels, the company estimates that its accumulated deficit in the year to June 30 will be balanced by assistance from the state aid scheme. Wit Nigel announced in February that it was curtailing operations "in order to achieve a balance between income and expenditure," and added that it was not possible to forecast with any accuracy the length of time the mine could remain in operation before a complete closure became inevitable. The company has limited its total withdrawal to as few areas as possible, so that it will be in a position to take advantage of any upturn in the gold price, and consequently remain open for longer than anticipated.

**Two gold mine accidents**

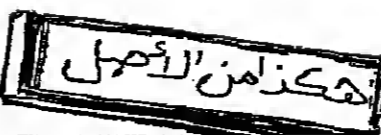
THREE MINERWORKERS were killed and two others are still missing after a rockburst at the No. 3 shaft of the Western Deep Levels gold mine in South Africa. The mine, part of the Anglo American Corporation group, said yesterday that rescue operations are still going on. About 10 of the mine's working faces were affected by the accident, which occurred 2,700

metres below the surface. At the Vaal Reef gold mine, also in the Anglo group, an earth tremor measuring 3.6 on the Richter scale, and an associated pressure burst have taken the lives of two workers and injured seven others. As relatively small areas of the two mines were affected, gold production is unlikely to be significantly reduced.

**Marlborough tops £0.4m and plans £2.4m rights**

SHARPLY HIGHER profits are reported by Marlborough Property Holdings for 1981 and at the same time the directors say they are proposing to raise some £2.4m before expenses by way of a rights issue. Ordinary shareholders will be offered 10 per cent convertible unsecured stock, 1988-2002, on the basis of £1 nominal of loan stock at par for every nine held. The stock will be convertible into ordinary shares during May in any of the years 1986 to 1988, at a rate of one ordinary for every 46p nominal of loan stock. Pre-tax profits for the year rose from £158,000 to £410,000 and with stated earnings per share emerging higher at 1.2p (0.58p) the dividend is being increased to 0.4p (0.32p) per 5p share. The directors expect at least a similar increase in the current year. The proceeds of the rights issue will be used to finance the next phase of the group's expansion—development of sites at Weybridge, Guildford and Burham. It is anticipated that its development at Weybridge comprising a new industrial estate will be retained on completion and will add £280,000 per annum to the group's rental income within three years. Until these developments get under way, the rights proceeds will be used to reduce existing bank

borrowings, thus producing a valuable saving on current interest payments. **comment** Rights issues have become almost as common as dividends in the property sector lately, as many companies have found themselves carrying heavy interest charges. In the face of growing institutional distaste for the trend, Marlborough is hurrying out its call following a healthy 20 per cent revaluation of its assets. The company's income gearing dropped in 1981, but was still at a hefty 65 per cent. The company will apply the new funds to its borrowings which, at about £4.5m, are now more than four-fifths of shareholders' funds. The debt was taken on, in part, to purchase the Weybridge, Guildford and Burham sites, which the company insists were bought privately and not in an open market competition. Marlborough expects Guildford to produce about £300,000 in rental income per year, while the others will be sold to cut down the debt undertaken for the next development stage. At 38p, the shares stand at a slim discount to net asset value of 43p, but the rights should only be taken up by those who believe that Marlborough can continue to significantly outperform the rest of the sector. The yield is 1.5 per cent.



**B.A.T. INDUSTRIES**

**Results for the year to 31 December 1981**

**Sir Peter Macadam, Chairman, comments:**

At the interim stage, I forecast that the Group could expect "a significant advance". That prediction has been borne out by turnover, which has increased by 21 per cent to £9,265 million, by pre-tax profit, which at £684 million is 43 per cent higher than that of last year and by profit attributable to B.A.T. Industries which is 55 per cent higher at £363 million. These would be gratifying results at any time. Two factors make them especially so now. One is that they have been achieved during a period when the world has been passing through economic difficulties of the most testing severity. The other is that the Group has continued to demonstrate sound underlying growth. The lower level of sterling during 1981 has had its expected beneficial effect on the figures. Had the sterling exchange rate not declined from one year—and to another the figure for turnover would still have grown by 7 per cent on the previous year, trading profit by 15 per cent, pre-tax profit by 22 per cent and profit attributable to B.A.T. Industries by 29 per cent. These results are a measure of the strength of the Group's geographical and industrial spread. Once again tobacco has been the major contributor to Group trading profits, providing 74 per cent. There is solid evidence of increasing profitability with tobacco trading profit increasing by 17 per cent in local currency terms. Two notable developments during the year were the increase in Brown & Williamson's market share in the USA after a period of decline and the establishment by BAT (UK and Export) of a firm foothold of 6 per cent of the UK domestic market as well as the significant increase in its export sales and profits. There was a substantial recovery in profits from Souza Cruz in Brazil in spite of a decline in volume caused by economic conditions. The tobacco base continues to be of great benefit to the Group although most of the other activities have performed well within their own spheres. Analysis of Group turnover by industry shows that each of them has made a similar proportionate contribution as in 1980.

Contributions to trading profit are not so uniform. Retailing increased its contribution to Group profits, as did Other Trading Activities including Cosmetics, but Paper—and to a lesser extent Packaging and Printing—expanded turnover at the expense of margins. This was particularly true of those activities, apart from Tobacco, centred mainly on the UK and Continental Europe. A measure of the Group's present strength and confidence is that, at a time when much of industry was cutting back its investment in future growth, our own capital spending on fixed assets increased to £278 million in 1981. The board is proposing a final dividend of 8.5p, making a total of 23p for the year compared with 19p for 1980, an increase of 21 per cent. On previous occasions, I have stated our objective of at least maintaining the purchasing power of dividends but last year we did not achieve this. This year's increase more than restores this shortfall and gives a total which shows an average real growth of 2.15 per cent per annum over the past five years. In March, 1982, BATUS made an agreed tender offer for the share capital of Marshall Field & Co., a Chicago based group which operates 77 quality department and furniture stores in various parts of the USA. BATUS has entered into an agreement in relation to the acquisition with the staff of the US Federal Trade Commission and at the time of this announcement is awaiting the approval of the Commission itself. The tender offer values Marshall Field at \$366 million. The Falkland Islands dispute has drawn attention to British commercial interests in Argentina. B.A.T. Industries' principal interest in Argentina is a 70 per cent holding in the equity of Nobleza-Piccardo SAICYF, which in 1981 contributed about 1 per cent of Group trading profit and represented approximately 1 per cent of the Group net assets.

**GROUP PROFIT AND LOSS ACCOUNT—Year to 31 December**

	1981	1980	change
	£ millions	£ millions	
Turnover	9,265	7,645	+21%
Trading profit	634	487	+36%
Interest paid less received	37	48	-23%
Share of associated companies' profit before tax, expected to turn	597	419	+42%
Profit before taxation	87	60	+45%
Taxation	684	479	+43%
Profit after taxation	281	217	+29%
Minority interest	403	262	+54%
Attributable to B.A.T. Industries:			
Net profit before extraordinary items	363	234	+55%
Retained for inflation	180	95	+89%
Net profit after inflation retention	183	139	+32%
Dividends	84	69	+21%
Other retentions	99	70	+41%
Earnings per ordinary share	99.9p	64.4p	+55%

**EXCHANGE RATE EFFECTS**

The results of overseas subsidiaries have been translated into sterling for the purpose of this report at exchange rates ruling on 31 December in each year. Had the same exchange rates ruled at the end as at the beginning of the year, it is estimated that the figures would have been as follows:

	Year to 31 December 1981	change
	£ millions	
Turnover	8,183	+7%
Trading profit	538	+15%
Profit before taxation	582	+22%
Net profit attributable to B.A.T. Industries	302	+29%

**INDUSTRIAL AND GEOGRAPHICAL ANALYSES**

	Year to 31 December			
	1981		1980	
	£ millions	%	£ millions	%
<b>INDUSTRIAL</b>				
Turnover	9,265	100	7,645	100
Tobacco	5,322	57	4,331	57
Retailing	2,180	23	1,772	23
Paper	788	9	709	9
Packaging & printing	535	6	455	6
Other trading activities	440	5	388	5
Trading profit	634	100	487	100
Tobacco	489	74	386	72
Retailing	72	11	42	9
Paper	47	8	52	11
Packaging & printing	20	3	21	4
Other trading activities	26	4	16	4
<b>GEOGRAPHICAL</b>				
Turnover	9,265	100	7,645	100
United Kingdom	2,034	22	1,757	23
Europe	1,979	21	1,755	23
North America	2,542	27	1,871	24
Latin America	1,731	19	1,495	19
Asia	566	6	425	6
Africa	355	4	300	4
Australasia	58	1	42	1
Trading profit	634	100	487	100
United Kingdom	45	7	18	4
Europe	77	12	78	17
North America	283	45	212	45
Latin America	131	21	78	17
Asia	59	9	44	9
Africa	35	6	35	8
Australasia	3	—	2	—

Royalty income less related expenditure is now included in the area in which the licensee is located. The 1980 figures have been adjusted to reflect this change.

**DIVIDENDS**

The directors will be recommending to the shareholders at the Annual General Meeting to be held on 9 June 1982 the payment on 1 July 1982 of a final dividend for the year of 8.5p per ordinary share of 25p. The following is a summary of the dividends declared for the years to 31 December 1981 and 1980.

	1981	1980
Interim paid 1.7.81	6.5p	6.0p
Interim paid 4.1.82	8.0p	6.5p
Final proposed payable 1.7.82	8.5p	6.5p
	23.0p	19.0p

Transfers received in order by the Registrar of the Company up to 5 June 1982 will be in time to rank for payment of the final dividend.

**INDUSTRIAL REVIEWS**

**Tobacco**  
 Turnover 5,322 4,331 +23%  
 Trading profit 489 386 +26%  
 Total assets 2,114 1,707 +24%  
 Group volume fell by 1.2 per cent predominantly influenced by the important Brazilian market where there was a drop in total industry sales. Excluding Brazil, Group sales volume was 1.5 per cent higher. Turnover rose by 6 per cent in local currency terms, and by 28 per cent in sterling terms. Trading profit was 17 per cent higher in local currency; a number of price increases, exchange rate movements and higher levels of productivity contributed to a 40 per cent increase in sterling terms.

**Paper**  
 Turnover 795 709 +13%  
 Trading profit 47 62 -10%  
 Total assets 544 476 +14%  
 Appleton Papers' total volume was down 3 per cent as it switched emphasis further from general mill grades, but sales volume of carbonless copying paper for the US market increased by over 11 per cent. Trading profit increased by 17 per cent in sterling terms.

**Packaging & Printing**  
 Turnover 525 465 +13%  
 Trading profit 20 21 -5%  
 Total assets 301 270 +11%  
 The UK businesses maintained market share in the face of weak demand. The workforce was reduced by 7 per cent and productivity rose. PBT bottle and two-piece can capacity was increased to meet rising demand.

**Retailing**  
 Turnover 2,180 1,772 +23%  
 Trading profit 72 42 +71%  
 Total assets 864 689 +25%  
 BATUS Retail Division increased trading profit in US dollars by 44 per cent. Saks Fifth Avenue enjoyed still further large increases in turnover and profit and its three new stores started impressively. Gimbels also improved profit and turnover. Turnover and profit of Kohl department stores were up by more than a fifth. Although Kohl Food Stores' turnover fell, its trading profit was maintained.

**Other Trading Activities**  
 Cosmetics had a good year in generally difficult conditions, with trading profit rising by 8 per cent to £13 million. Turnover improved by 23 per cent in sterling terms. Results for the Peguian and Hüppe Group, in the home improvements business in Germany, showed improvement in spite of a steep drop in construction industry activity.

**Associated Companies**  
 Inasco, the Group's Canadian Associate, showed a further strong advance and the Group's share of its pre-tax profit was £39 million, an increase of 81 per cent in sterling terms. Its tobacco results made substantial advances in turnover and profit, and the good returns from Hardees' Food Systems in the USA were in line with expectations. B.A.T. Industries' share of pre-tax profit of AMATHI, in Australia, improved by 43 per cent to £15 million. The tobacco, snack foods, beverages and packaging activities had a good year, although problems continued in the meat division.

The Report and Accounts will be available on 15 May, 1982. The Annual General Meeting will be held on 9 June, 1982.

**EAST DAGGAFONTEIN MINES LIMITED**  
 ("EAST DAGGA")  
 (Incorporated in the Republic of South Africa)

**RECONSTITUTION OF BOARD OF DIRECTORS AND PROPOSED CHANGE IN TECHNICAL ADVISERS AND SECRETARIES**

The directors of East Dagma have recently been approached by Mr Adolf H. Lundin of Geneva, Switzerland, who together with his associates either own beneficially or are in a position to control the voting power of at least 34 per cent of the issued capital of East Dagma.

Mr Lundin on behalf of himself and his associates proposed that, as soon as possible, the board of directors of East Dagma should be reconstituted by the appointment of persons nominated by Mr Lundin and his associates in place of the existing directors. Furthermore, he proposed that Anglo American Corporation of South Africa Limited (AAC) should relinquish its appointment to East Dagma as technical advisers and secretaries, a position which AAC has held since the inception of East Dagma in 1932.

AAC and its associated companies, it is understood, together hold 13 per cent of the issued capital of East Dagma. In the circumstances, the existing directors of East Dagma have resigned in favour of the persons nominated by Mr Lundin and his associates and at Mr Lundin's request Mr F. Bentley of AAC has joined the board.

Accordingly, shareholders are advised that the board of directors of East Dagma has been reconstituted and is now as stated hereunder:

<b>Directors</b>	<b>Alternates</b>
A. E. Lundin (Swedish) (Chairman)	—
E. W. Bazinet (Canadian)	—
F. Bentley (British)	—
J. H. Craig (Canadian)	S. de C. O'Grady
L. Klingmann (German)	C. E. Dixon
O. S. Redfern (British)	—

In terms of the company's articles of association all these appointments will be subject to confirmation at the annual general meeting to be held on April 29, 1982.

The reconstituted board of directors of East Dagma has negotiated the termination, with immediate effect, of the agreement with AAC relating to its appointment as technical advisers and secretaries to East Dagma, and has entered into an agreement with Messrs Arthur Young & Company with regard to the provision of secretarial services to East Dagma. New technical advisers will be appointed shortly.

The board also announces its intention to continue the company's current undertakings in the same manner in which they have been conducted up to the present and in addition to investigate new sources of financing for the company and possible diversification into the exploration and development of other natural resources. Members will be kept advised of further developments.

Due to the reduced cash flow resulting from the fall in the gold price, and the additional finance required to follow the investment in Bonanza Gold Mine (Proprietary) Limited, it has been necessary to raise loan facilities of R240 000 to date which have been secured against the company's assets, and it will be necessary to arrange further loan facilities which may also be secured against such assets.

Until further notice, the transfer secretaries of the company in Johannesburg and the United Kingdom will remain as follows:

**Johannesburg** Consolidated Share Registrars Limited  
 62 Marshall Street, Johannesburg 2001  
 (P.O. Box 61051, Marshalltown 2107)

**United Kingdom** Charter Consolidated P.L.C.  
 Park 102, Charter House  
 Park Street, Ashford  
 Kent TN24 5EQ, England

However, the registered office of the company will be transferred to the offices of Messrs Arthur Young & Company, 16th Floor, Standard Bank House, Cnr. Eloff and Albert Streets, Johannesburg 2001 (P.O. Box 454, Johannesburg 2000).

The address of the company's London office (at present, 40 Holborn Viaduct, London EC1P 1AJ) will change as soon as the new board have made appropriate arrangements in this regard.

Johannesburg  
 April 28, 1982

Companies and Markets

UK COMPANY NEWS

**Sparrow slumps: cuts dividend**

TRADING conditions for crane hire at G. W. Sparrow throughout 1981 were the most difficult encountered in the company's history, say the directors. Taxable profits slumped from £995,000 to £93,000 on increased turnover of £27.17m against £21.45m.

The final dividend is to be cut from 1.12p to 0.25p net, making a total payment of 0.75p (9p). Because of the low 1981 profit, this dividend will be payable partially out of reserves. The directors say that once conditions permit, they intend to restore this reduction in dividend.

Earnings per 20p share are stated at 0.9p (9.5p) and at 0.5p (5p) on full tax charge. The directors say hire rates for 1981 were low and utilisation poor, with no work at all for some cranes. Losses were incurred in crane hire divisions in the UK, U.S. and in the company's French associate. During the year unprofitable UK depots were closed and staffing levels reduced.

The company reports, however, that its U.S. subsidiary, Sparrow International of Houston, is now trading at a profit. "Considerable effort was put into developing overseas business, with much success in terms of orders already received and prospects of orders for 1982 and beyond."

The offshore division is reported to have started the year with a substantial order book which will ensure it is kept fully occupied through 1982. The directors say they are looking for good profits from this division.

They claim prospects are considerably brighter than actual results for 1981 in almost every area of business. In the heavy crane division, "over half the fleet is fully committed until the end of 1982 and current

**James Neill moves into surplus in second half**

A BETTER than break-even second half says James Neill Holdings, general engineer and toolmaker, record a pre-tax profit of £1m for 1981, after a £1.14m loss at half-way, and a £282,000 profit in 1980. It came after interest payments of £2.37m, down from £2.53m, and exceptional costs of £24,000 in cutting the scale of activity, compared with £670,000.

Sales at £47.85m were down from £51.38m. Trading profit of £1.79m (£3.73m) was made up of £1.17m (£3.77m) from UK companies, £607,000 (£2,000 loss) from overseas companies, oil (£3,000) from associated companies and £17,000 (£14,000) from investment income.

The 1981 dividend is being omitted, after 1980's 1.4p payment. Loss per 25p share is given as 6.9p (1.1p earnings).

**comment**  
 James Neill has been bumping

along the bottom ever since its swift descent from profit peak of £3.2m in 1979. The tiny pre-tax profit in the second half, however, should be at least held in the current six months, meaning that the worst of Neill's troubles could be over. The loss in the first half of 1981 was in part due to the company's fight to reduce stocks. That battle has had some success, with the effect of bringing down borrowings. Capital gearing is now 50 per cent, as opposed to more than 60 per cent a year ago. The workforce has also been slimmed to about two-thirds of its peak of a few years ago. A renewal in the demand for hand tools is now essential to any real recovery for the company. The shares up 1p at 27p, at 35p less than a fifth of James Neill's asset backing per share, are not expecting much. Market capitalisation is around £4.5m.

**Jessel Toynebee in profit**

FOR THE year ended April 5 1982 Jessel Toynebee, discount house, has turned in a profit overall, after falling into losses at the half-way stage.

The profit is, however, reduced substantially from £1.12m to £244,498 net. It was struck after providing for rebate, taxation and all expenses. In 1981 there was also a transfer to contingencies.

The dividend is held at 5p net per share, with an unchanged final of 3.25p.

**comment**  
 Jessel Toynebee was one of those houses to be seriously wobbled when interest rates jumped last autumn. The consequent first-half loss was recouped later on but a clear final profit of £245,000 is still no better than middling, even when allowance is made for the sharp fall in gilt-edged at the very end of Jessel's year. Because of the changed banking regime it is probably true to say that money is more mobile than it was under the old reserve asset system—with the result that margins on an accelerated bill market are thinner than ever. The temptation to take longer positions in gilt-edged is all the greater, but punished as often as rewarded. At 62p Jessel's shares now yield more than 12 per cent—more than four points above Gerrard's—reflecting the cost of going astray. The lack of any transfer to inner reserves means that the real value of Jessel's book will have slipped a fraction this year.

**Liberty well ahead year end**

AS IN the previous year Liberty & Company, fabric and carpet dealer, returned to profit in the second half of the year to January 31 1982 to produce pre-tax profits for the 12 months of £514,000, compared with £74,000 for 1980-81—by mid-year losses had been cut from last year's £438,000 to £278,000.

Full year sales were higher at £23.74m (£20.91m) and trading profits came to £786,000, against £403,000.

The taxable surplus was after net interest payable of £252,000 (£329,000) and was subject to tax of £129,000 (£23,000). Exchange gains totalled £53,000 (£1,000) and the attributable profit was £328,000 (£52,000).

With stated earnings per share this time of 4.17p (0.31p loss) the dividend is being stepped up from 1.5p to 2p, making a net total of 2.4p, compared with 1.7p last year. As a result of the completion of the Liberty House refurbishment project, commitments for capital expenditure not provided in the account and additional capital expenditure authorised are estimated at £1.1m (£2.3m).

Performance by the retail and converting and wholesaling divisions (including a useful contribution by the joint venture operation in Japan) enabled the company to contain a severe loss by the Dutch retail group, Metz en Company.

In the light of the results £25,000 has been appropriated to the group's profit sharing scheme.

**Thomson T-Line losses rise**

RISING taxable losses have been shown by Thomson T-Line Caravans from £461,833 to £515,513 for 1981. There is again no final dividend—the last payment was a final of 1.7p in 1979.

Turnover of this maker of caravans, residential units and trailers is lower at £25.1m, against £32.2m. At half time pre-tax losses rose from £126,000 to £249,000. After a reduced tax credit of £34,000 (£93,490) losses per share were shown as rising from 22.45p to 29.85p.

There were extraordinary debits this time which were the closure and redundancy costs from the discontinuation of caravan manufacture and the disposal of assets and the disposal of stock in assets.

To date the directors say the disposal of assets has realised a surplus over book values of £308,000 which will be credited to the profit and loss account in 1982.

**Devenish lower at £191,000**

Reduced pre-tax profits were shown by J. A. Devenish and Company, brewer, for the 24 weeks to March 19 1982. The surplus fell from £264,000 to £191,000.

The net interim dividend is held at 2.25p—in the last full year a total of 8.5p was paid from pre-tax profits of £1.89m. Turnover this time rose from £6.8m to £7.58m. Tax took £99,000 (£132,000).

SPAIN

Apr 28	100	100
Banco Central	357	1-2
Banco Exterior	305	
Banco Hispano	312	1-2
Banco Ind. Cet.	710	
Banco Santander	326	1-2
Banco Urquijo	230	
Banco Vizcaya	282	
Banco Zagal	245	
Dragados	182	1-2
Española Zinc	28	
Ferros	63	1-2
Gen. Preciados	40	1-0.5
Hidroelé	62.5	1-0.5
Industria	55.5	1-0.5
Petróleo	91	1-1
Petróleo	39	
Sagunto	5.3	1-0.5
Telefonos	70.5	1-0.5
Union Bet.	83.5	

**Wadkin loss rises to £1.4m**

SUBSTANTIALLY increased taxable losses have been shown by Wadkin, woodworking machinery manufacturer, for the year to January 2, 1982. The deficit rose from £477,900 to £1,358,400 while turnover remained steady, at £26.48m, against £27.18m.

Contrary to hopes expressed at the interim stage that the final dividend would be equal to the total of the previous year's 3.25p distribution, a payment of 0.5p has been declared, which is the total for the year.

Losses per 50p share were given as 25.98p (earnings 3.09p). Second-half losses rose from £388,000 to £1.1m. Present policies of containment, together with a strong product range and efficient production methods, say the directors, should enable the group to progress in spite of the continuing recession. Any return in demand will quickly bring rewards after the radical measures taken over the past two years to improve the competitive base.

out last trading conditions remain difficult. Overcapacity and decline in markets continues to depress trade. There are first indications of a slow upturn in the UK building industry which may lift investment later in the year, they add.

Elsewhere, there is little prospect of improvement. Steps have been taken to improve margins though it is possible that this may reduce volume in some export markets. Measures which will reduce costs by £2m a year have been taken and about £1.2m is expected to accrue this year.

A number of substantial exceptional items account for £592,000 (£55,000) of loss. During the year a German subsidiary was closed. Its loss of £215,000 includes closure costs and a large bad debt. Due to rapid change in market conditions some stocks have become slow moving and extra provisions of £200,000 have been made, they add.

Redundancy costs were £48,000. Other non-recurring costs not counted in the total include start-up costs of U.S. marketing operations and the unexpected liquidation of a major supplier of mechanical handling and special equipment, which left the company with three complex contracts in total.

The year 1981 saw the peak in an intensive product development programme which will be completed with new working machinery models to be announced by mid 1982, the directors say. A major investment programme was also completed in which about £2m has been spent on new plant and facilities.

Pre-tax profits were struck after a leasing profit of £11,000 (loss £26,000), interest charges of £447,000 (£355,000), and exceptional items. There was a lower tax credit this time of £13,000 (£225,000). On a current cost basis the pre-tax loss rose to £2.24m (£1.53m).



**Chairman's Review 1981**

The following are extracts from the Statement by the Chairman, Mr. J. N. Ferguson, which had been circulated with the Report & Accounts.

At the beginning of 1982 it was decided to form four Divisions in the Group. Sales and trading profits of the Group of these Divisions for 1981 with the comparable figures for 1980 and the details are as follows:

	1981		1980	
	Sales £m	Trading Profit £m	Sales £m	Trading Profit £m
Audio Division	80.5	nil	70.5	(8.7)
Electronics Division	75.8	10.1	18.4	2.0
Housewares	25.9	0.8	29.0	nil
Industrial Division	22.4	0.7	25.4	0.3
	<b>204.6</b>	<b>11.6</b>	<b>143.3</b>	<b>(6.4)</b>

Dealing with each Division the Chairman, in his circulated statement said:

**Audio** The demand for traditional audio equipment such as record players and changes is soft, particularly in North America where the level of consumer spending has been falling over the past few months. However, for the UK, Europe and Japan, sales are in accordance with our forecasts and show a slightly better trend compared with the same period in 1981. Whilst the results for 1981 show a marked improvement over those for 1980, it would be optimistic to assume that the same trend will continue through 1982 unless there is a substantial improvement in demand from the USA in the second half of the year and provided sterling does not improve against other major currencies.

**Housewares** Sales are predominantly in the UK where the level of demand is sluggish. The market is highly competitive with margins under pressure. The restructuring programme carried out over the last year or so has improved our level of productivity and efficiency and we are hopeful that this, in conjunction with the new products planned for the current year, will show an improvement in the level of profitability for this Division in 1982.

**Electronics** Substantial investment will be made during the current year to provide additional facilities, particularly in Singapore and Hong Kong, and to equip these factories with very sophisticated equipment to produce new products to the highest quality standards at competitive prices. This Division should continue its upward trend in profitability in 1981 provided the economic situation in North America does not deteriorate much further.

**Industrial** There are definite signs that the action taken in 1981 to reduce costs and improve productivity, together with a more combative sales effort, is now beginning to have a positive effect on profitability and it is anticipated that this Division will show a real improvement over 1981.

The Directors recommend payment of a final dividend of 3p per share on the ordinary shares, which, together with the interim gives a total dividend of 1p for each existing ordinary share (1980: nil).



Group UK activities consist mainly of manufacturing of Record Players and Record Mechanisms for original equipment manufacturers, also manufacturers of "Open Reel" Electric Tape Recorders, Gramophones, Gramophone Records and other appliances. Overseas activities are principally in field of electronics. Head Office: Cranley Road, Woking, West Midlands GU24 0RH. Subsidiary Companies are located in Australia, Japan, Hong Kong, Singapore, Taiwan, Malaysia, Philippines, Germany, Italy, Canada and U.S.A.

**PEARSON LONGMAN**  
 LONGMAN · PENGUIN · FINANCIAL TIMES · WESTMINSTER PRESS · GOLDCREST FILMS & TELEVISION

A publicly listed subsidiary of S. Pearson & Son

**Results for 1981**

	1981	1980
Turnover	£271.6m	£226.2m
Profit before tax	£21.2m	£15.7m
Profit after tax	£13.5m	£14.0m
Earnings per ordinary share	32.6p	34.0p
Dividends per ordinary share	9.4p	8.4p

Group profits before tax have increased by 35 per cent to £21 million despite the continuation of very difficult trading conditions for our newspaper businesses.

The book companies did particularly well and both Longman and Penguin achieved record profits. We are particularly proud of the recovery of profitability of Penguin Books which has reaffirmed its reputation as the leader in British paperback publishing. Longman, which during the year was reorganised to include Ladybird, also had an excellent year. Its comparable profits improved by 45 per cent to £11.5 million and sales now exceed £60 million. Longman remains one of the most profitable book publishing companies in the United Kingdom.

The Financial Times had a better year than 1980, although there is still a long way to go before the profits of the newspaper have fully recovered. Westminster Press continues to suffer from a very difficult advertising market especially in job advertising. The volume of job advertising is now more than 70 per cent lower than at the beginning of the recession in 1979.

The Goldcrest Films and Television Group was formed during the year and we have built a first-class team that aims to play a leading role in the regeneration of the British film industry. The development cost this year has been high and it will be some time before Goldcrest makes a major contribution to Pearson Longman profits.

During the year we made a number of significant strategic investments including a 25 per cent share in Yorkshire Television, the creation of Goldcrest Television, the purchase of a major legal publishing business, as well as a number of specialist publishing lists throughout the world.

The board is recommending a final dividend of 5.607 pence per share bringing the total for the year to 9.357 pence, an increase of 12 per cent over 1980.

The annual report will be despatched on 4th May 1982 and the annual general meeting will be held in London on Friday, 28th May 1982.

A copy of the full announcement is available from the Secretary, Pearson Longman plc, Millbank Tower, Millbank, London SW1P 4QZ. Telephone: 01-630 5051



مكتبة الانجول

مركزنا للأعمال

Companies and Markets

UK COMPANY NEWS

W. H. Smith expands 31% to £21.17m: pays more

WITH BETTER results being achieved by the newspaper and book wholesaling and book distribution and publishing sectors, W. H. Smith and Son (Holdings) returned considerably improved profits for the year ended January 30, 1982, the pre-tax figure emerging 31.2 per cent higher at £21.17m, compared with £16.13m previously.

Group turnover after intergroup sales rose from £881.12m to £772.95m, an increase of 13.5 per cent, and at the trading level profits came through £4.5m ahead at £23.28m.

Earnings per 50p A share are given as 14.9p (12.3p) before extraordinary debits and a final dividend of 3.75p (3.2p) raises the net total to 8.25p, against 4.6p last time. The total dividend on the 10p B shares rises to 1.05p (0.92p) with a final of 0.75p.

Mr P. W. Bennett, the chairman, describes the results as "gratifying" and points out that to a considerable extent they represent the fruits of an increase in productivity and cost reduction achieved during the past few years.

He says the ratio of profit to sales has returned to a level more comparable to that achieved by the wholesale sector in Britain.

The pre-tax profit included a share of profits this time from associates totalling £9,000 (£1,000

House of Fraser falls to £28.03m: raises payout

STORES GROUP House of Fraser turned in lower taxable profits of £28.03m, compared with £34.41m, in the 52 weeks to January 30, 1982.

With stated earnings per 25p share maintained at 16.3p the final dividend is being raised from 4.5p net to 5p, making a total of 7p (6.6p).

Looking to the year ahead the directors say there are no indications of a firm upward trend in consumer spending outside food. However they believe that actions taken and proposed will enable the group to be an early beneficiary of any improved trading conditions.

And turning to the year under review they say the group experienced increasing public sector costs and local authority rates, and the worst winter weather for decades. In December and January, a number of stores were closed for several days because of severe ice and snow.

This affected the results because the stores rely for much of their sales volume and profits on the pre-Christmas and January sales months. A series of disruptive rail strikes in January also proved harmful, they say.

A planned action programme is being carried out. Its first objective is to improve the ability of the traditional department store business. All stores are giving greater emphasis to fashion and leisurewear. More expenditure has been allocated to store promotion, merchandising and advertising.

Work has started on the 42,000 sq ft expansion programme at Harrods; building work began in February 1982 to extend the Bromley store by 20,000 sq ft. In Perth the existing store has been demolished and the building of a new store is about to start.

Sites for the building of two computerised regional distribution warehouses have been chosen to serve the Dingles and Army and Navy Store Groups.

The group's computerisation programme is ahead of plan which, when fully implemented, should enable it to operate with fewer staff, improved purchasing control, improved control of credit sales and reduced investment in stocks.

The directors are continuing their review of the group's property portfolio and plans are well advanced for the redevelopment or sale of low earning and redundant assets.

Harrods has successfully introduced a twice yearly mail order magazine and since the year end has negotiated a trading link with Mitsukoshi, the largest department store group in Japan, they say.

Pre-tax profits were struck after rents payable of £8.23m (£8.35m), depreciation of £12.45m (£9.56m) including a £1.94m additional charge due to property revaluation, and £1.11m (£1.38m) for an employees'

BOARD MEETINGS

The following companies have notified dates at board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are in arrears or in advance and the subdivisions shown below are based mainly on last year's timetable.

TODAY  
Interim—Aberdeen Trust, Amesen, Ben Bailey Construction, S. Simpson, United Wire  
Final—BSG International, Henry Boot, De Vere Hotels and Restaurants, Donmores, Swered, Flight Refuelling, Highcroft Investment Trust, Holyrood Rubber, Hongkong (Salengor) Rubber, Hepburns, Kuala Solingor Rubber, Morke and Spencer, Mess Grea, Office and Electronic Machines, George Wemyss, Yule Carron

profit-linked share plan. The profits included a contribution from associates of £58,000 (£78,000) and a surplus on the sale of properties, less reorganisation costs of £1.15m (£1.41m).

Tax took £3.38m (£9.9m) reduced by £4.49m additional stock relief. Extraordinary credits amounted to £1.56m (£1.61m) representing the net gain on the sale and lease-back of Rackhams in Birmingham of £2.09m, reduced by £53,000 for the costs of the defence document and Monopolies and Mergers Commission enquiry following the bid from Lorrain. This left attributable profits of £26.21m (£42.12m).

See Lex

Wm Morrison Supermarkets PLC

SUMMARY OF RESULTS (£'000's)

	1982	1981
Sales	198522	171208
Profit before taxation	7554	5971
Taxation	2959	716
Profit after taxation	4595	5255
Earnings per share	10.0p	11.4p

Points from the statement of the Chairman, K. D. Morrison:

- \*Both sales (up 16%) and profit before taxation (up 26.5%) reached record levels.
- \*Trading developments included a new store at Harrogate and petrol stations at two of the Bradford supermarkets.
- \*A new store at Staveley, near Chesterfield, will open in April adding 35,000 square feet to the company's selling area. Negotiations have been completed for the acquisition of a superstore of 40,000 square feet in Preston scheduled to open in autumn 1982.
- \*Proposed dividend increase by 12%.

Copies of the 1982 Annual Report may be obtained from the Secretary, Wm Morrison Supermarkets PLC, Hillmore House, Thorton Road, Bradford, West Yorkshire BD8 9AX.



the better way to shop and save

Near £1m profit and 2.5p dividend from Petrocon

RECORD LEVELS of turnover and profits at Offshore Drilling Supplies were a major influence behind the turnaround in pre-tax results for Petrocon Group. The figure moved from losses of £17,997 to profits of £98,026, with second half profits ahead by £317,000.

After no payment last year, the dividend this time is 2.5p with a final of 1.75p. Earnings per 12.5p share are given as 18.98p (losses 2.13p).

The company makes equipment for the oil, petrochemical, process and water industries.

"The group has made a sound start to the year," says Mr Peter Hodgson, chairman, "in spite of the reported slowdown in international drilling."

Several important new accounts were obtained by Offshore Drilling which will broaden its range, he adds.

Turnover was lower at £9.1m, against £11.97m. Turnover and pre-tax profits include £2.07m (£1.88m) and £82,974 (£251,436) respectively for Ashford Controls which was sold in December 1981.

comment

After several years of falling profits Petrocon indulged in some lengthy soul-searching two years ago—not long before it was dawned by NCC. Since then all the manufacturing operations have been cleared out and the company has returned to an oil and gas service business. Employees have dropped from 650 to under 70 and profits have been put on the road to recovery. Loss elimination has obviously been a big factor especially the sale of Ashford which had made combined losses in the previous two years of over £660,000. Also that sale has helped transform the balance sheet which now boasts £30m of cash against under £100,000 a year ago. All this has been reflected in a share price which has more than doubled since last year's low point. Now at 75p the fully taxed p/e is 91 and the yield 5 per cent. That is about right bearing in mind that any weakness in the oil sector works straight through to profits. Fuelage drilled is now the key to income.

Central & Sheerwood lift

A TURNAROUND in the second six months lifted Central and Sheerwood, engineering, financial services, printing and publishing holding company, to a £263,000 profit for 1981, little changed from £244,000 in 1980. A £123,000 loss was reported at mid-year.

A final dividend of 0.55p (0.5p) net maintains the total at 1.05p, less per 5p share is given as 1.44p, compared with earnings of 0.87p.

Turnover rose from £83.83m to £94.79m, and trading profit from £2.59m to £3.45m. After a tax charge of £420,000 (£242,000 credit) a net loss of £137,000 was recorded, against a net £26,000 profit.

comment

At last Central & Sheerwood has started to chip away at the Ransomes & Rapier's high stock levels which developed two years ago as customers became reluctant to accept deliveries on time. But this has done nothing to ease the borrowings which the build-up triggered, and total debt remains around 64 per cent of equity. Ransome crane orders have stayed in the doldrums, and though the drag line order book is strong the long lead time means the benefits will not come through until the second half of 1982 at the earliest. Meanwhile the recovery forecast at mid-term last year is taking a little longer than anticipated but current performance indicates that it is still underway and should be reflected in this year's half-time figures. An optimism supported by the share price which yesterday rose 2p to 14 1/2p yielding 10.7 per cent.



N.V. Beleggingsmaatschappij Wereldhave 1981 DIVIDEND

On April 28, 1982 at the Annual General Meeting of the Shareholders the dividend for the financial year 1981 was fixed at Dfl. 7.00 in cash, together with 3 1/2 per cent as a tax-free bonus issue to be charged to the share premium reserve. An interim cash dividend of Dfl. 3.25 was distributed in September 1981. The final dividend will be payable from May 7, 1982 as follows: on presentation of coupon No. 21 payment of Dfl. 3.75 in cash, less 25 per cent dividend withholding tax, will be made per ordinary share of Dfl. 20 each; coupon No. 22 will represent the 3 1/2 per cent bonus issue and on presentation of the correct multiples of coupon No. 22 new ordinary shares of Dfl. 20 each will be issued.

Dividend coupons both for cash payments and in exchange of shares may be presented at Pierson, Heiching & Pierson N.V., Algemene Bank Nederland N.V., Amsterdam-Rotterdam Bank N.V., N.V. Slavenburg's Bank, Nederlandsche Middenstandsbank N.V. or Bank Mees & Hopp N.V. in Amsterdam, Rotterdam or The Hague or at the offices of Morgan Grenfell & Co. Limited, 21 Austin Friars, London EC2N 2HR. Any shares arising from the bonus issue not claimed by December 31, 1982 will be aggregated and sold and the proceeds kept available for coupons subsequently presented on a pro-rata basis. When a bank or broker presents coupon No. 23 these coupons should be stamped with the name of the presenting office on the back of the coupon.

In connection with the exchange of coupon No. 23 a statutory payment will be made by the Company to the Vereniging voor de Effectenhandel (Association of Members of the Amsterdam Stock Exchange), shareholders will therefore be able to collect their bonus issue without paying a commission.

Shareholders who request their bank to arrange for the delivery of the bonus issue on their behalf may be charged in accordance with the rules of the Nederlandse Bankvereniging (Netherlands Banks Association).

The necessary shares to satisfy the bonus issue in full will remain irrevocably deposited at the offices of Pierson, Heiching & Pierson N.V. in Amsterdam until December 1, 1982 to the extent that they have not been taken up by shareholders.

By Order of the Board of Management  
The Hague  
April 28, 1982

1981. Another record year for The Hongkong Bank Group



M.G.R. Sandberg, OBE

Mr M.G.R. Sandberg, Chairman, reports:

Another record year

1981 proved to be another record year for the Group with profit up about 40% over last year to HK\$2,003 million.

A final dividend of 44 cents is recommended which with both the interim dividend and the increases in capital following last year's bonus issue and the rights issue means that the total distribution will show an increase of \$272,151,649 or 37.6% over that of 1980. This distribution of 65 cents compares with the forecast of 60 cents.

The response to the rights issue was gratifyingly high. At the end of 1981, before the bonus issue mentioned below but after last year's bonus and rights issues the number of shares in issue was 1,559,927,575.

We are again this year recommending a bonus issue of one new share for every three held.

Your Directors expect to declare dividends totalling not less than 48 cents per share on the capital as increased by the bonus issue.

World conditions

Generally, 1981 was characterised by instability and sluggish growth in the world economy. The baleful twins of inflation and unemployment continued to affect many of the major industrial nations. The volatility of exchange rates was a disturbing feature of the international financial scene.

The likelihood is that the present stresses on the world's trading system will become worse and that pressure towards protectionism may strengthen.

It is particularly important to the Asia-Pacific area that trade and investment should not be subject to the defensive tactics of other regions. During the year the economies of this region managed to remain comparatively buoyant, producing a real growth rate of around 4%. This rate was achieved because of the capacity of the various nations to produce competitively in difficult conditions.

Bid for Royal Bank

The referral of our bid for The Royal Bank of Scotland Group to the Monopolies and Mergers Commission resulted in long negotiations during the year. The eventual recommendation of the Commission was a disappointment. We had hoped, and still believe, that a partnership with The Royal Bank would have assisted its development and would have provided both Groups with an opportunity for international expansion. It remains our belief that by linking with the Royal we would have made a major contribution to increased competition in British banking.

We shall continue to expand our presence in the United Kingdom and Europe in ways consistent with our strategy of meeting the market's need for the widest possible range of financial services.

Hong Kong

Despite the generally depressing world economic scene Hong Kong managed to maintain a strong export performance and this continuing strength was reflected in the encouraging results achieved by our operations in Hong Kong.

Our branch network continued to expand, and at the end of 1981 we had 275 branches throughout the territory.

Results from the Hang Seng Bank continued to be most satisfactory and the Bank again increased both profits and dividends to record levels.

International Growth

Marine Midland reported a successful year with increased earnings. The implementation of

their strategic plan for the 1980s not only indicates a strengthening of Marine's position in the US domestic banking scene, but also internationally. In this area there will be increasing opportunities for closer co-operation with the HSBC, and plans are well advanced for a joint venture to extend the range of customer services.

Hongkong Bank of Canada was established in October 1981.

Another development in the expansion of our international network was the creation of Hongkong Egyptian Bank SAE, a joint venture in which HSBC has a 40% equity interest and the management contract.

We shall also shortly be establishing an operational presence in Pakistan and Chile. The British Bank of the Middle East continued to make good progress, producing

profits of more than £14 million, a 54% increase on 1980 figures. Despite recurrent political instability in the region, business activity expanded steadily and the Bank was able to take advantage of lively trading conditions. The Saudi British Bank, in which BBME has a 40% shareholding, had another good year and continued its programme of phased expansion.

Our operations in the Lebanon are being rationalised which will result in the number of BBME branches increasing from five to nine.

Mercantile Bank Limited improved its profitability overall. Results for India were most satisfactory with increased deposits resulting from effective marketing efforts.

Merchant Banking

Our main merchant banking arm, Wardley Limited, and its subsidiaries reported another successful year with a net profit of just over HK\$200 million, a 24% increase over 1980.

Wardley Australia Limited very satisfactorily expanded its share of their market. Wardley's own overseas services network was expanded, notably by the acquisition of a controlling interest in Equator Bank Limited, which specialises in business in equatorial Africa.

Wardley Middle East Limited also had a good year, profiting from an increase in merchant banking business in the Gulf.

The process of reorganisation of Antony Gibbs, consequent upon its becoming a wholly-owned subsidiary, continued throughout 1981. We remain hopeful that Antony Gibbs will make a worthwhile contribution to profits in 1982.

Other interests

Our finance companies in Hong Kong, Brunei, Malaysia and Singapore put in good performances, maintaining their level of business at a time of high interest rates and increased local competition.

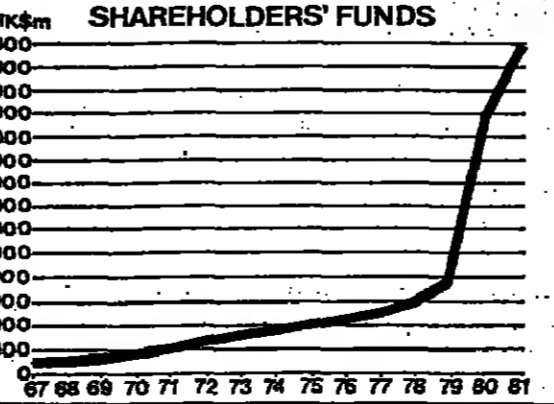
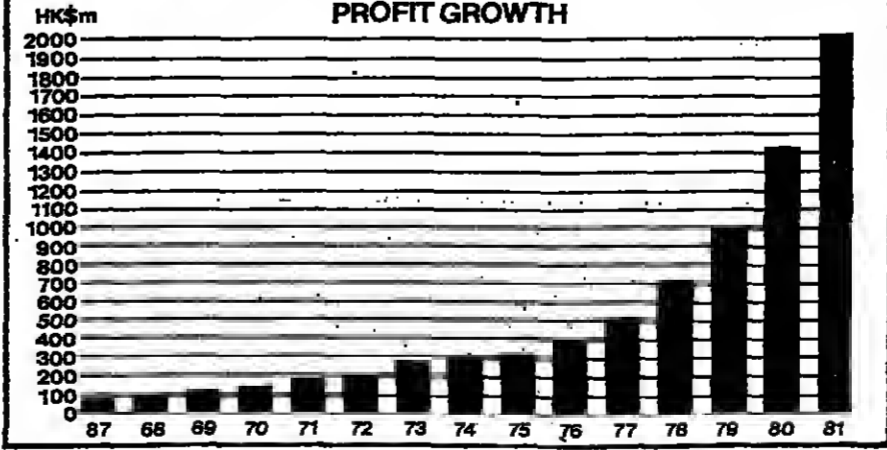
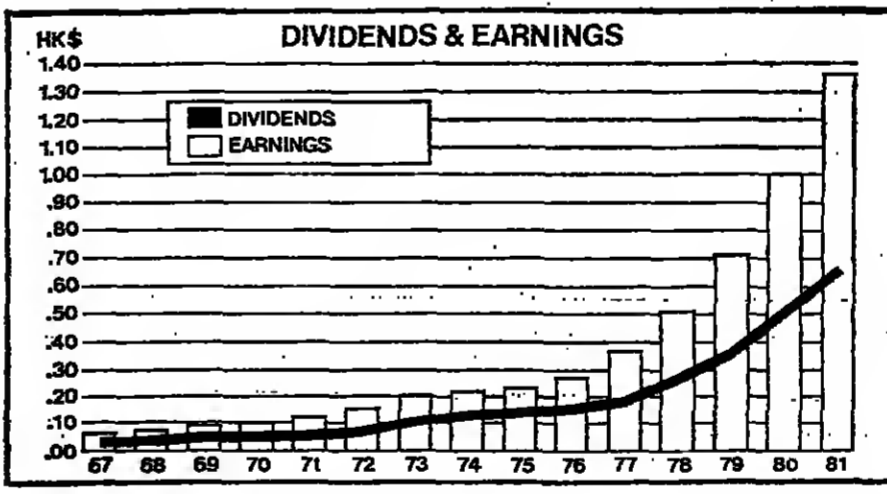
The growth of our international insurance operations continues to be most pleasing and they made increased contributions to Group profits.

Wayhng Investment Limited, which holds our transportation portfolio, had a generally satisfactory year. Cathay Pacific Airways was able to achieve a good operating profit at a time when most airlines are reporting losses.

Dividend income from The World-Wide Shipping Group was marginally lower for 1981 but although shipping remains in the doldrums we continue to receive a satisfactory return.

Your Group is now acknowledged as one of the most dynamic banking groups in the world.

15 years' growth - highlights



1981 HIGHLIGHTS

	1980	1981	1981
	HK\$ millions	£ millions	
Total Assets	242,953	304,206	28,032
Issued Capital	2,786	3,899	360
Total Shareholders Funds	10,326	14,060	1,296
Group Profit	1,431	2,003	185
Transfers to Reserves	454	540	50
Total Distribution	724	996	92
Earnings per share (adjusted)	1.00	1.35	12.0
Dividend per share	0.50	0.65	6.0

The Hongkong and Shanghai Banking Corporation  
Marine Midland Bank • The British Bank of the Middle East • Hang Seng Bank Limited • Wardley Limited • Antony Gibbs & Sons Limited • Mercantile Bank Limited  
Fast decisions. Worldwide.

Companies and Markets

BIDS AND DEALS

Imps confirms plans to dispose of Country Pride

IMPERIAL GROUP, the leading tobacco, food and brewing group, has confirmed that it is discussing the sale of its last remaining poultry interests. These are represented by Country Pride, the U.S. subsidiary which Imperial bought from Pilsbury Farms for \$20m in 1975.

It is the fourth biggest company in the U.S. chilled and packed chicken market. In the first six years after its acquisition by Imperial, it earned pre-tax profits of \$46.4m, though this aggregate does not reflect a marked volatility of earnings.

thought it would be "about two months to the conclusion of the deal" assuming a satisfactory outcome to its investigations which are now under way.

S. Pearson terms value Longman minority at £54m

S. Pearson and Sons yesterday unveiled a £54.2m agreed offer for the publicly held minority interest of 36.4 per cent in the group's separately quoted publishing subsidiary Pearson Longman, whose interests include the Financial Times.

In yesterday's trading on the stock market, shares in S. Pearson fell 9p to 235p while shares in Pearson Longman eased 2p to 336p.

book companies, where both Longman and Penguin achieved record profits, contributed to the improvement. Longman, which during the year was reorganised to include Ladybird, showed pre-tax profits improved from £3.7m to £11.5m.

Unilever eyes North America

AT A press conference yesterday Sir David Orr, the chairman of Unilever PLC, revealed that the directors were interested in having a bigger proportion of the group's capital employed in North America.

The board, he said, was determined to go ahead in America and also saw Japan as an important growth area. In product areas opportunities were seen in personal products, specialty foods and chemicals and such areas as biotechnology.

THE LILLESHELL GROUP 1981 ANNUAL TRADING RESULTS. Table with columns for 1981 and 1980. Includes turnover, profit, dividends, and earnings per share. Extracts from Chairman's Statement.

Full terms of the offer for the 36.4 per cent minority interest in Pearson Longman are as follows: for every 15 ordinary shares of 25p each in Pearson Longman shareholders are offered 22 new ordinary shares of 25p each in S. Pearson.

On the basis of the middle market quotation of an ordinary share in S. Pearson on Tuesday, the day before the announcement of the terms of the offer, of 246p, the offer represents a value of approximately 361p for each Pearson Longman share, valuing the 36.4 per cent minority at £54.2m.

The Goldcrest Films and Television Fund was formed during the year and Pearson Longman said yesterday that it "aims to play a leading role in the re-generation of the British film industry."

LONDON TRADED OPTIONS. Table with columns for Option, Exercise price, Vol., Closing offer, etc. Includes various stock options like BP, Shell, and Unilever.

THE FRIZZELL GROUP LIMITED. '24% profit increase in 1981'. Reports Colin Frizzell, Chairman, in his statement with the Report and Accounts for the year to 31 December 1981. Includes a photo of Colin Frizzell.

ALLIED LYONS yesterday made a £6.42m takeover offer for J. & W. Nicholson, a private holding company with interests in gin distilling, public houses and hotels.

THE £13.3m bid for General and Investment Trust (G and I) by Britannia Arrow Holdings has led to the withdrawal by Refuge Assurance of its £13.2m bid which had previously been agreed with the board of G and I.

Refuge announced after the market's close last night that it had withdrawn its offer in view of Britannia's higher bid, which included cash alternative equivalent to 103 per cent of G and I's net asset value.

EUROPEAN OPTIONS EXCHANGE. Table with columns for Series, Vol., May, Last, Aug, Last, Nov, Last, Stock. Includes various European stock options.

Registered Office: Frizzell House, 14-22 Elder Street, London E1 6DF.

Copies of the Report and Accounts are available from The Secretary.

Barclays says talks on tax levels are 'welcome'. Discussions with the Government about the taxation of banks would be welcome, Mr Timothy Bevan, chairman of Barclays Bank told members yesterday.

Barclays South African subsidiary has published a booklet, Barclays National Bank and Community, which was distributed to shareholders.

Companies and Markets

COMMODITIES AND AGRICULTURE

Beetle fear brings imports ban

By Richard Mooney

IMPORTS OF Italian leafy vegetables into the UK will be banned from tomorrow because of the recent influx of Colorado beetles.

In the past three weeks 103 of the insects have been found, 98 of them alive. All the live specimens arrived on Italian produce.

The ban, which comes into effect at midnight tonight will last for two months, unless circumstances change in the meantime, the Ministry of Agriculture said.

The half-inch-long yellow and black striped insects, which are endemic on the Continent, could pose a serious threat to British vegetable crops, particularly potatoes, if breeding colonies became established.

No Colorado beetles have been discovered on growing crops in Britain since a breeding colony was destroyed in 1976.

Isolated specimens are regularly found on imported vegetables but the recent level of discoveries has been well above normal.

The Fresh Fruit and Vegetable Information Bureau said the ban should have little impact on UK market supplies.

The most significant of the affected imports was french beans, supplies of which should be adequate from the UK crop, it forecast.

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Britain adamant on EEC farm price package

By LARRY KLINGER IN BRUSSELS

THE European Community's Agriculture Ministers last night decided to continue their efforts to reach agreement on "all matters of substance" for a new farm price package, in spite of being told by Britain in the strongest terms that it was still prepared to hold up any agricultural pact until a satisfactory solution was found on limiting the UK's EEC budget contributions.

Britain's unbending stance seems to ensure that any new farm price package, already a month overdue, cannot now be ratified for at least another fortnight, even if a provisional package can be tied up this week.

The Community's Foreign Ministers, who are charged with finding an acceptable budget arrangement, were again unable to make substantial headway, and may not meet again for another 10 days.

Mr Francis Pym, the British Foreign Secretary, yesterday reiterated the British position in a message to Mr Leo Tindemans, the Belgian Foreign Minister, and current president of the EEC Council of Ministers.

And, at the moment the Community's Agriculture Ministers gathered last night in Luxembourg to resume their discussions, Mr Alec Buchanan-Smith, the British Minister of State for Agriculture, was declaring that he wanted to make "absolutely clear" that "the British position has not changed."

"Britain," he said, "feels very strongly indeed that the link between the farm prices and the budget should be maintained."

Nevertheless, the Ministers all agreed with Mr Paul de Keersmaecker, the Belgian Minister and current president of the Farm Council, that they should continue their discussions with a view to Mr de Keersmaecker's putting a full set of new compromise proposals to the Council this morning.

Mr de Keersmaecker told the Council that the time had come to agree on all matters of substance, irrespective of the moment when formal ratification might come.

While the Minister expressed various degrees of optimism and pessimism over what progress they might make this week, it was considered significant that high-ranking West German officials said they thought that a detailed price package was now possible, including agreement on the contentious wine issue.

Britain has so far escaped being labelled the villain of the price-fixing talks, largely because West Germany has been strongly opposing several of the European Commission's proposals, especially the new wine-marketing scheme aimed at guaranteeing southern wine-growers' incomes and to remove the root cause of the periodic and often violent Franco-Italian "wine wars."

The danger for Britain is that it could find itself isolated in the agricultural talks and having to exercise its threatened veto if there is no budget settlement, just as Mr Pym came under strong pressure on Tuesday from almost all of his foreign affairs colleagues to abandon the link between the farm and budget issues.

There is growing pressure for a quick settlement from farmers throughout Europe, including those in Britain. The new 1983-85 marketing year for the important dairy and beef sectors have already begun and Mme Edith Cressy, the French farm minister, has estimated that the EEC's 8.7m farmers were losing out at the rate of £43m a month.

Mr de Keersmaecker made it clear that his new compromise proposals were not complete and that the British Government, in detail, after further talks with the various national delegations last night.

Indications, however, that they would include only minor adjustments in the current overall price proposals, which in any case would give farmers a record general increase of 10 per cent.

Britain was also openly hoping that the call for a substantial revision of its "green pound" would be dropped and that the Commission's proposals to give tax relief to small dairy farmers would be softened.

Copper and gold lose early gains

By John Edwards

LATEST developments in the Falkland Islands crisis failed to stir the gold and copper markets yesterday.

Both metals opened with higher prices, but the early gains were lost in later trading and the markets closed marginally easier.

Turnover rose again on the London gold futures market to 1.411 lots of 100 Troy ounces.

The August position ended £1,325 down at £204.25 a Troy ounce after reaching a high of £209.30 earlier in the day.

Copper closed marginally lower on the London Metal Exchange after opening strongly in the morning.

However, lead values were firmer on news of St Joe Minerals lifting its U.S. domestic selling price by 1 cent to 27 cents a lb.

Tin was also higher, following further support-buying, believed to be on behalf of the buffer stock manager.

The spread was encouraged by the covering of June delivery dates, when forward purchases were met by the buffer stock fall due for delivery.

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India may miss grain target

By K. K. SHARMA IN NEW DELHI

THE INDIAN government yesterday announced a target of 14.5m tonnes of foodgrains in 1982-83 in spite of fears that the expected record production of 13.4m tonnes in 1981-82 would not materialise because of the continuing bad weather in the northern wheat belt.

Heavy rain in the past three days is reported to have damaged badly the wheat crop that has just been harvested in the northern states and was lying in the open because of lack of storage space.

Traders say that more than 1m tonnes have been damaged. Since part of the crop had already been damaged by rain and hail in previous weeks, it now seems certain that the wheat harvest will be well below target and there could be shortages that will need to be met by imports.

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SE ATLANTIC FISHING Conflicting views on whitefish quotas

BY OUR CAPE TOWN CORRESPONDENT

SHARPLY CONFLICTING conclusions have emerged between management authorities in adjacent zones of the South-East Atlantic hake fishery, on maximum yields in their respective fishing areas.

The 17-nation International Commission for the South-East Atlantic Fisheries (ICSEAF) has raised the 1982 permissible hake catch in the Namibia zone of the South-East Atlantic, from 215,000 tons to 362,000 tons.

The 66 per cent rise is after quota cuts of 25 per cent in 1980 and 34 per cent in 1981.

The South African Ministry of Fisheries has reduced the total allowable catch in the South African zone, from 153,700 tons to 136,000 tons.

Both quota determinations are based on scientific analysis of last year's catch. A cynical view of the contrasting findings is that the one handed down by the ICSEAF scientific committee lacks constraint.

This is the host coastal nation, Namibia, has an indeterminate international status, as the object of a guerrilla war and a seemingly endless political dispute between South Africa and the United Nations.

Both zones are subject to 200-mile exclusive fishing regimes, but the one proclaimed by Namibia's interim government is not enforceable. Discipline of fishing effort is maintained instead on a voluntary basis by the nations which have traditionally worked the Namibia hake grounds.

It is an abiding irony that member nations of the international commission make up a collection of potentially the most politically incompatible countries on earth - South Africa, the Soviet Union, Cuba, Angola, Bulgaria, France, East Germany, West Germany, Iraq, Israel, Italy, Japan, South Korea, Poland, Portugal, Romania and Spain.

Political differences have never arisen in ICSEAF deliberations fortunately for stock management in Namibian waters. However, South African delegates are openly critical of the scientific data upon which the latest Namibia quota has been based.

South African deep sea trawler operators have a 23,000-ton quota in Namibia and expect the findings of Spain and the Soviet Union on scientific data to be used to justify the lower job price at which SA trawler operators sell hake to export markets. Figures released by ICSEAF suggest that the four Herring foreign catchers overshoot their quotas in 1980. SA trawlermen suspect too that Cape hake taken by foreigners may not all be going to home consumers, but is being sold in countries such as Australia, where SA is trying to build up an export market.

The proposed cut in the allowable catch comes at an awkward time. In the past two years, market leader Irvin and Johnson (47 per cent of the quota) has committed about R24m to fleet modernisation and landside and landside capex. Sea Harvest Corporation (nearly 48 per cent of the quota) has committed about R7m on new ships, anticipating that the permissible catch would expand in line with improved recruitment that was expected.

South African fishery scientists admit their forecasts made in late 1977 overestimated the growth in hake stocks. SA proclaimed an exclusive fishing zone of 200 miles. Their estimates were based on what seems to have been a particularly good year-class. Subsequent year-classes have failed to meet expectations, which lead scientists to believe that current levels of fishing may be putting too much pressure on the resource, despite a 50 per cent cut in fishing effort since 1978.

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Pakistan cotton KARACHI - Pakistan's cotton production has risen to a record 4.6m bales in the 1981-82 year (August-July) from 4.3m the previous year, official figures show.

The total was below the target of 4.6m bales. Next year's target has been set at 4.8m bales and the Central Cotton Committee, which oversees production, has said this will be better by better cultivation without raising last year's planted area of 2.16m hectares.

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BRITISH COMMODITY MARKETS

BASE METALS

Table with columns for metal type, price, and change. Includes Tin, Lead, Zinc, and Copper.

COPPER

Table with columns for copper type, price, and change. Includes High Grade, Standard, and Low Grade.

INDICES

Table with columns for index name, value, and change. Includes Financial Times, Dow Jones, and Moody's.

REUTERS

Table with columns for commodity name, price, and change. Includes various metals and grains.

REUTERS COMMODITIES PRICES ON PRESTEL KEY 543. For Further Details Contact D. Wallenden on 01-251 7481.

GAS OIL FUTURES

Table with columns for gas oil type, price, and change. Includes Light, Medium, and Heavy.

GRAINS

Table with columns for grain type, price, and change. Includes Wheat, Barley, and Oats.

SILVER

Table with columns for silver type, price, and change. Includes Standard and Fine.

COCOA

Table with columns for cocoa type, price, and change. Includes Bitter and Sweet.

RUBBER

Table with columns for rubber type, price, and change. Includes Smoked Sheet and Smoked Bales.

COFFEE

Table with columns for coffee type, price, and change. Includes Arabica and Robusta.

SOYABEAN MEAL

Table with columns for soyabean meal type, price, and change. Includes 48% and 50% protein.

COTTON

Table with columns for cotton type, price, and change. Includes Middling and Good Middling.

LIVERPOOL

Table with columns for Liverpool type, price, and change. Includes Cotton and Wool.

PRICE CHANGES

Table with columns for commodity name, price, and change. Includes Metals, Grains, and Oils.

AMERICAN MARKETS

Table with columns for commodity name, price, and change. Includes Metals, Grains, and Oils.

TUESDAY'S CLOSING PRICES

Table with columns for commodity name, price, and change. Includes Metals, Grains, and Oils.

WORLD MARKETS AS THEY MOVE

Table with columns for commodity name, price, and change. Includes Metals, Grains, and Oils.

REUTERS

Table with columns for commodity name, price, and change. Includes various metals and grains.

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GOLD MARKETS

Table with columns for gold type, price, and change. Includes London Bullion Market and New York.

AMERICAN MARKETS

Table with columns for commodity name, price, and change. Includes Metals, Grains, and Oils.

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Companies and Markets

WORLD STOCK MARKETS

Low off 2.1 at mid-session

NEW YORK

Table of New York stock market data including stock prices, indices, and company names.

Table of stock market data for various international markets including London, Frankfurt, and others.

Table of stock market data for various international markets including Tokyo, Hong Kong, and others.

Table of stock market data for various international markets including Australia, Singapore, and others.

Table of stock market data for various international markets including South Africa, Brazil, and others.

Table of stock market data for various international markets including Japan, Germany, and others.

Table of stock market data for various international markets including Canada, Belgium, and others.

TRADING ON Wall Street

Main text article discussing market conditions, trading volume, and investor sentiment on Wall Street.

Canada

Text article discussing the Canadian stock market, including mentions of the Nikkei-Dow Jones Average and the Tokyo 950 index.

Several brokers said that the profit-taking seen yesterday is likely to continue in the near-term but that the market outlook would probably not recede to below the 1,250 mark.

Australia

Text article discussing the Australian stock market, mentioning the All Ordinaries index and its performance.

Tokyo

Text article discussing the Tokyo stock market, mentioning the Nikkei-Dow Jones Average and the Tokyo 950 index.

Paris

Text article discussing the Paris stock market, mentioning the CAC 40 index and market conditions.

Hong Kong

Text article discussing the Hong Kong stock market, mentioning the Hang Seng index and market activity.

Germany

Text article discussing the German stock market, mentioning the DAX index and market trends.

Japan

Text article discussing the Japanese stock market, mentioning the Nikkei-Dow Jones Average and market performance.

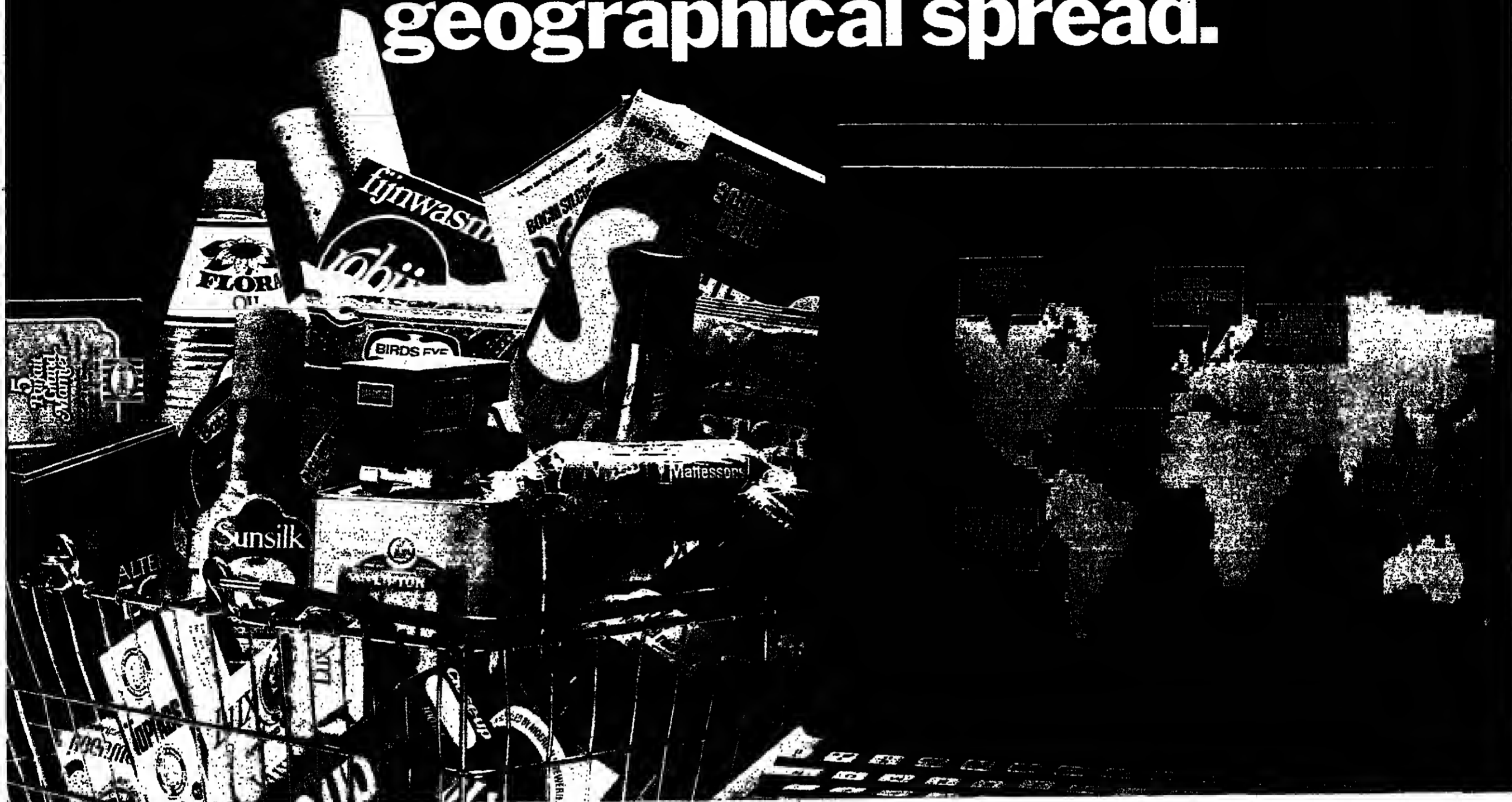
South Africa

Text article discussing the South African stock market, mentioning the All Share index and market conditions.

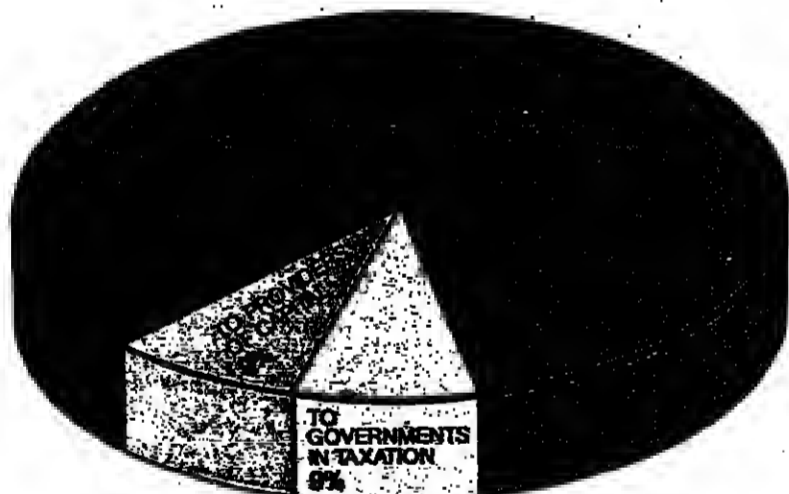
Summary and closing remarks for the market report, including a note about the price of the newspaper.

ssion

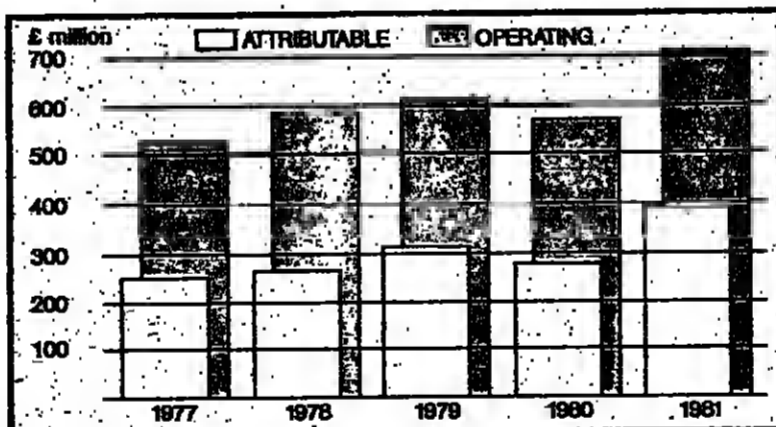
# Financial strength; product diversity; geographical spread.



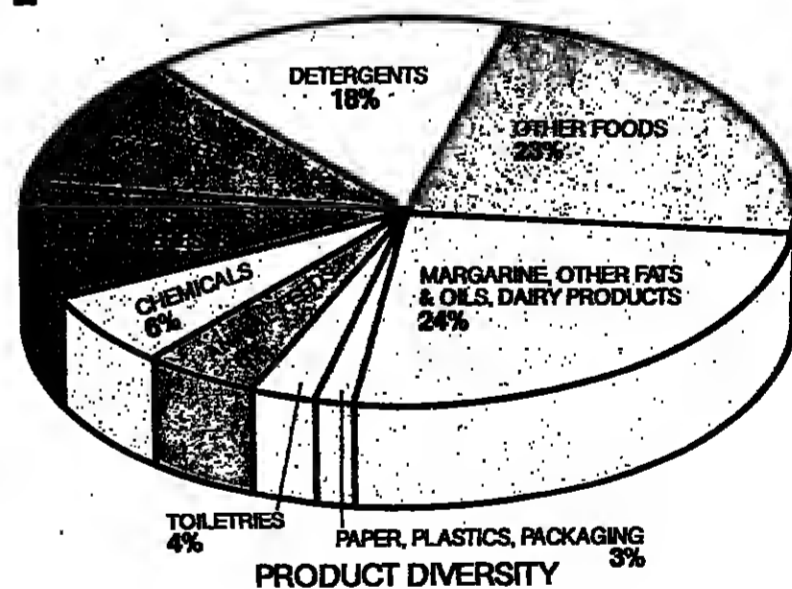
## The facts behind Unilever's 1981 performance



£3,277 million VALUE ADDED



PROFITS



PRODUCT DIVERSITY

### The year in brief

In a difficult year for trading, sales to third parties rose by 17% to £11,889 million. Our operating profit was £705 million, an increase of 22.6% over 1980.

Economic activity remained low in Europe and North America, and consumer expenditure was depressed. The rapid rise in unemployment was particularly disturbing, and inflation remained a problem. Falling export prices and debt servicing costs restrained growth in many developing countries, though a number of other countries' growth was good.

Despite these difficult conditions the wide geographical and commercial range of our activities enabled us to seize the opportunities offered to us where growth was good, while consolidating and improving our position elsewhere. We continued to increase efficiency and productivity by reorganising our operations where necessary.

Most of our companies selling goods to retail and consumer markets continued to maintain or improve their performances. Our companies selling goods and services to other industries were operating in markets seriously affected by over-capacity — but several of them showed a worthwhile improvement, the results of their efforts to increase efficiency and reduce excess capacity where it existed.

We were able to achieve a sales volume increase of two per cent, slightly lower than the increases in the last three years. Results showed a significant increase over 1980, but there were considerable variations between geographical areas and product groups. We devoted substantial resources to maintaining brands by theme advertising and in other ways, and to maintaining our research effort for innovation and product improvement.

### Financial background

The outstanding feature affecting business during the year has been high interest rates, resulting in heavy finance costs. In these circumstances control of capital and cash management assume great importance, and we have been able to perform well in both.

Exchange rates behaved less erratically than in 1980, the change of most significance being the sharp rise of the US dollar against all other major currencies.

### Prospects

There are no grounds for taking an optimistic view of the world economic prospects for 1982. Consumer expenditure may well fail to rise. The world political scene remains full of uncertainties which do not help economic recovery. However, there is some hope that crude oil prices will remain stable, and that inflation will decline.

During 1982 Unilever will continue to improve the efficiency of its operations, and seek to go on strengthening its position in the market place.

### Employees

Nearly 300,000 people, who work for the parent company and for its subsidiaries around the world, have put their efforts into the results on which we now report. We thank them for maintaining in 1981 the high standards on which Unilever's continued growth and success depend.

Copies of the 1981 Report and Accounts have been posted to shareholders and holders of debentures and unsecured loan stock of Unilever PLC.

# Unilever

Unilever comprises Unilever PLC, Unilever N.V. and their respective subsidiaries which operate in seventy-five countries. The Report and Accounts of PLC as usual combine the results and operations of PLC and N.V. with figures expressed in sterling.



If you would like to receive a copy of the Report and Accounts, please fill in the coupon.

To: The Company Secretary,  
Unilever PLC, PO Box 68,  
Unilever House,  
London EC4P 4BQ.

Please send me a copy of your 1981 Report & Accounts

Name \_\_\_\_\_

Address \_\_\_\_\_

# CONSOLIDATED

...including its share of the profits of the subsidiary companies from R66 million to R364 million during the year by R705 million in 1981. This year have been running at higher levels than the second half of last year, but a further increase was anticipated during the year. The year has been concluded with great reserves and a final dividend of 50 cents per share. The distribution for the year of 50 cents per share compared with 75 cents per share in 1980. The dividend reflects both the strong performance of the industry and the determination to carry out the policy of the industry. I would add that the strong performance of the industry, made possible by the investment policies of the past, which have been successful.

The fall off in the demand for diamonds in the larger sizes and finer qualities in particular, as called investment goods in which speculation during the boom years was especially concentrated. These sizes and qualities normally account for a large proportion of the CSO's sales. Sales of the smaller sizes and lower qualities have generally speaking been satisfactory and the consumption of diamond jewellery particularly, though not exclusively, at the lower end of the market has continued at a high and encouraging level. The market for the rare and more expensive items of jewellery is adversely affected to a much greater extent than the rest of the market by the unprecedented levels of interest rates particularly in America. In previous statements I drew attention to the obvious dangers of speculation in the cutting and premium prices and on this account the recession in the diamond industry started sooner and is perhaps deeper than the world economic recession as a whole. This speculation was largely financed by bank credits and it is satisfactory to see that by now largely on account of our policy of withholding diamonds from sale when the market is weak, the level of bank credit in the leading cutting centres has been substantially reduced, in some cases by as much as 50 per cent, and now generally speaking at a reasonable level. This reduction strongly suggests that the special reasons which existed for the recession in the diamond industry are a fair way to being overcome and that the continuation of a low level of sales reflects adverse economic conditions in general to a greater extent than circumstances peculiar to the diamond industry. We cannot expect prosperous conditions in the industry at a time of world depression and in particular where interest rates remain at their present high level. However, any recovery in the world economy and in particular in business conditions in the United States should be rapidly reflected in the diamond industry.

**... any improvement in the world economy and in particular in business conditions in the United States should be rapidly reflected in the diamond industry**

In November of last year the CSO, in order to lay a sound basis for recovery as soon as general business conditions improve, made important modifications in the manner of presentation of diamonds to the market. The sales assortments were altered so as to allow our customers to fit their purchases more accurately to their individual requirements in the new market conditions. It is essential for any trading organisation to be alive and sensitive to changing conditions and we are satisfied that the new selling arrangements we have introduced will help to preserve the value of diamonds and protect the stability of the trade. The state of the market for diamonds which are bought wholly or partly for investment is a matter of considerable significance, mainly from a psychological point of view since they have never made up a large proportion of the world trade in polished diamonds. Diamonds have proved to be a safe investment over the years and the market has returned to a level

...and at the end of the year, at R57 million, compared with R55 million in 1980. Production for the year was 15 438 000 carats, compared with 15 438 000 carats in 1980.

## 1981

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The market for the rare and more expensive items of jewellery is adversely affected to a much greater extent than the rest of the market by the unprecedented levels of interest rates particularly in America.

In previous statements I drew attention to the obvious dangers of speculation in the cutting and premium prices and on this account the recession in the diamond industry started sooner and is perhaps deeper than the world economic recession as a whole.

This speculation was largely financed by bank credits and it is satisfactory to see that by now largely on account of our policy of withholding diamonds from sale when the market is weak, the level of bank credit in the leading cutting centres has been substantially reduced, in some cases by as much as 50 per cent, and now generally speaking at a reasonable level.

This reduction strongly suggests that the special reasons which existed for the recession in the diamond industry are a fair way to being overcome and that the continuation of a low level of sales reflects adverse economic conditions in general to a greater extent than circumstances peculiar to the diamond industry.

We cannot expect prosperous conditions in the industry at a time of world depression and in particular where interest rates remain at their present high level. However, any recovery in the world economy and in particular in business conditions in the United States should be rapidly reflected in the diamond industry.

In November of last year the CSO, in order to lay a sound basis for recovery as soon as general business conditions improve, made important modifications in the manner of presentation of diamonds to the market.

The sales assortments were altered so as to allow our customers to fit their purchases more accurately to their individual requirements in the new market conditions. It is essential for any trading organisation to be alive and sensitive to changing conditions and we are satisfied that the new selling arrangements we have introduced will help to preserve the value of diamonds and protect the stability of the trade.

The state of the market for diamonds which are bought wholly or partly for investment is a matter of considerable significance, mainly from a psychological point of view since they have never made up a large proportion of the world trade in polished diamonds. Diamonds have proved to be a safe investment over the years and the market has returned to a level

...and at the end of the year, at R57 million, compared with R55 million in 1980. Production for the year was 15 438 000 carats, compared with 15 438 000 carats in 1980.

The treatment plant at the Jwaneng mine in Southern Botswana. Owned in partnership with the Government, Jwaneng was commissioned in January and is due to reach its initial rated capacity of 4.8 million tons per annum during the second half of this year. It is probable that the recovery grade will be higher than any other mine in this Group and the diamonds produced will be of medium quality. Jwaneng is probably the most important Kimberlite pipe discovered anywhere in the world since the original discoveries at Kimberley more than a century ago.

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Name  Company

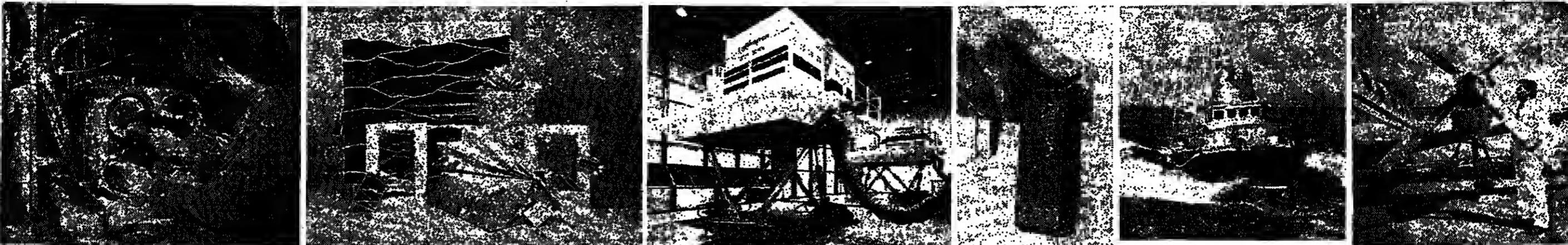
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# FINANCIAL TIMES SURVEY

Thursday April 29 1982



Some of the many facets of design illustrated by this year's awards. Left to right: Maxwell bus gearbox (commanded)—"simple to service or replace"; Farnham station—"work of art at a reasonable price"; Rediffusion Simulation's advance technology flight simulator; Standard Telephone and Cable's wide area radiopager; RAFI Arm class helicopter—"Rolla-royce of Helicopters"; Dowty Roto's range of propellers for general aviation.



## Design in British Industry

THE DESIGN COUNCIL AWARDS 1982

By Christopher Lorenz

A YEAR ago the Design Council shocked the design world by refusing for the first time to give any of its annual awards to textiles, glassware, ceramics, toys and other "decorative products". Then, in the early autumn, it delivered a more general broadside against the quality of design in British industry by mounting a controversial exhibition called "Designed in Britain, Made Abroad" which illustrated the disturbing extent to which British designers are having to work for foreign companies—many of them top importers into the UK.

Yesterday the Council was back in its more familiar promotional role, awarding accolades for a few exceptionally good British designs.

At first sight, things seem to be looking up. Among the 1982 Design Council Awards are five for decorative products and in the durable section furniture makes a showing for the first time in three years.

But beneath the surface the picture still seems depressing. None of the five decorative awards has gone to textiles or glass and the only ceramics winner is that stalwart of

design competitions, Hornsea Pottery. None of the winning companies is yet in a really mass market.

It is a similar story in the consumer durables section. The only furniture award goes, predictably, to Hille International, for several years a shining British light in an industry which is being swamped with well-designed imports. Sporting products are strongly represented as usual, especially several for the marine market, but where are the coffee makers, larger domestic appliances and video devices where the really big sales are made (and jobs created)? The only major exception is Clive Sinclair's remarkable ZX81 personal computer.

Like many of the better-known winners in the categories covering engineering, components, the motor industry and other sectors, Sinclair has received Design Council awards several times before. With several honourable exceptions, such as Rediffusion's remarkably successful flight simulators and RIEP's clutch bearings, the rather repetitive character of the large company names in this year's list runs home the old message — that while British industry is just as capable as the Germans and Japanese of producing good designs (in terms of form, function and commercial vi-

ability in mass markets), the proportion of big companies dedicated to doing it is still tiny.

It is no good arguing, as some sceptics do, that the Design Council casts its net too narrowly or that its judging criteria are wrong or that the judges favour old stagers. Not only does the Council make sterling efforts to attract more

... most of British industry continues to ignore the key role that product design and quality can play

submissions—with considerable success in most categories, despite the reluctance of some companies to take part; its judges also look particularly hard for first-time winners. As far as small companies are concerned, they have certainly succeeded with this year's batch.

As for the argument that the Council favours form against function—appearance against technical performance, in layman's language—such a tendency can obviously produce highly subjective decisions made largely on the basis of that uncertain attribute, taste. This inevitably applies in some

measure to decorative products, where form has to be a predominant part of the design. But while allegations of subjectiveness on the part of the Council's judges of more technically based products may have been justified in the past, in the last few years they have paid much more attention to technical factors—and rightly so. It is doubtful if Sinclair's computer, for example, would have won an award this year if its technical reliability had been as questionable as some of his early calculators, which were prematurely honoured by the Council in the mid-1970s.

Even if one allows for the shortcomings of any sort of awards contest as a statistically accurate form of survey, the pattern of the Council's awards over a period of years still underlines the extent to which most of British industry continues to ignore the key role that product design and quality can play—and has played in the industrial success of countries such as West Germany, Sweden and Japan.

Yet this message has been preached for well over 125 years, since before the Great Exhibition. Only in the last few years have Whitehall, the National Economic Development Office and a few top industrialists woken up to the fact that British industry is

still exporting low-value products and importing high-value ones.

Early last year, even after a flood of research studies had reiterated the point, the then junior Minister at the Department of Trade admitted he was still unaware of it. Yet it has been made at frequent intervals since at least 1928, when in an official report Lord Eustace Percy dwelt on the dangers it posed to the British economy.

Behind the problem itself, and the persistent inability of the industrial, political and administrative establishment to either appreciate it or take remedial action, lies a complex set of deep-rooted factors. Most fundamental is the lack of emphasis placed throughout society on the importance of products, as opposed to the financial and commercial system which supports their trading and sale.

The only aspect of design which does receive some social acclamation is where it overlaps with art. But this is just the sort of acclamation which deters hard-headed industrialists from taking design seriously, and encourages them to continue treating it just as "putting pretty boxes round things" to use a tired cliché that makes most designers wince.

On the other hand, top

industrialists with an engineering background (a rare breed in Britain nowadays in any case) tend to see design purely in terms of technique and function. It is only the exceptional company, like Baker Perkins, which uses the industrial designer as a key synthesising force in the design and development of an engineering product in order to overcome all the interdepartmental barriers between design, R and D, marketing, production and so on which plague most companies outside Japan.

Behind the problem itself, and the persistent inability of the industrial, political and administrative establishment to either appreciate it or take remedial action, lies a complex set of deep-rooted factors. Most fundamental is the lack of emphasis placed throughout society on the importance of products, as opposed to the financial and commercial system which supports their trading and sale.

... the Prime Minister has put design on her short list of industrial issues worthy of particular attention

It was in 1979, when the NEDO-commissioned Corfield Report investigated design management in depth, that design last hit the national headlines. The report's apparent lack of impact on management practice since then, plus the pressure created by the "Designed in Britain, Made Abroad" exhibition, helped prompt the Prime Minister to put design on her short list of industrial issues worthy of par-

ticular attention and to hold a seminar-reception for designers, industrialists, civil servants and Ministers at Number 10 Downing Street three months ago.

Mrs Thatcher's meeting came only a week after the opening of London's new Boilerhouse gallery, which was accompanied by much media comment that its exhibitions programme will be featuring almost exclusively foreign products for many months to come.

Together, the two events helped rivet public and political attention on the inadequacy of design in most of British industry. Whether the momentum they have generated will have much practical effect in the short term must be doubtful but there are signs that Mrs Thatcher's meeting has opened the way to giving design more emphasis in the educational curriculum, both at school and in polytechnics.

It may also prompt the Department of Industry towards various forms of action, including possible extra support for an expansion of some of the Design Council's activities. The Industry Secretary, Mr Patrick Jenkin, has also mooted some enhanced form of product approvals system—though this would not, in fact, be welcomed by many designers.

However, the impact of industry, government, Design Council

and other design bodies such as the Society of Industrial Artists and Designers can only have a limited effect if society in general and industry in particular, remain hostile or apathetic to their message. If Terence Conran is right that the British consumer's appreciation of design is already beginning to advance by leaps and bounds—hence the booming sales of German domestic appliances and Japanese consumer electronics, for example — then the displays of Braun razors and Sooy televisions at his Boilerhouse gallery could just have a catalytic effect out of all proportion to the scale of the project itself.

One of the most telling displays in the Boilerhouse's first exhibition was on the work of Raymond Loewy, a famous American industrial designer, who in the depths of the recession of the early 1930s demonstrated that good design helps sell a product even in a stagnant or declining market. Many of this year's Design Council Award winners are acting out this principle in practice. But unless they become the rule rather than the exception whole sections of British industry will continue to be wiped out by the Japanese steamroller at the top end of their markets and by cheap labour countries at the bottom.

## NOW FORD CARGO WINS A DESIGN COUNCIL AWARD.

In January this year Cargo was voted Truck of the Year by top Commercial Vehicle journalists from all over Europe.

Now it's picked up a Design Council award for outstanding product design and low cost of ownership.

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That's why the most satisfying vote of all is the vote that's come from Truck operators themselves.

Thanks to them, Cargo has been outselling its main competitors threefold during recent months. Which means it is now the best selling truck in Britain just one year after its launch.

We simply couldn't have designed a better result.



FORD CARGO 6-32.5 TONNES  Ford gives you more.

## DESIGN IN BRITISH INDUSTRY II

A representative from the winners in the six award categories—shown in the panels—is profiled on these pages

**PHICOM plc.**  
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**SHANDON SOUTHERN PRODUCTS LTD.**  
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### Renown in plastic furniture

THERE COULD scarcely be a more convincing case history for all those protagonists of the thesis that "Good Design Does Pay" than the history of Hille, whose Supporto chair, designed by Frederick Scott, has won one of this year's Design Council awards.

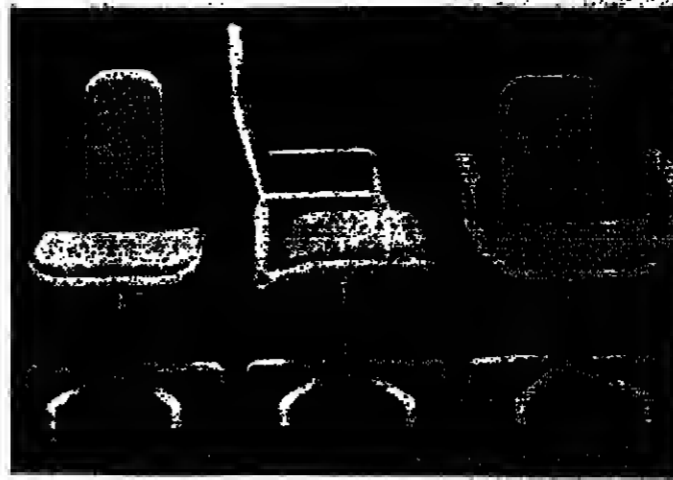
Today the company is admired and renowned throughout the Western world, primarily for its pioneering work in harnessing the qualities of plastics to innovative modern design.

When the decision to commit the company to the best of modern design was made way back in 1949, the company did at least have a history of excellence to build on. Until then it had made nothing but reproduction furniture but it had been reproduction furniture of the very best kind and quality. As Chorrill Scheer, granddaughter of the founder, Salomon Hille, puts it: "The pursuit of excellence had always been part of the essential strategy of this company—what changed in 1949 was that it then became committed to excellent modern design."

On a trip to America in 1949, Rosamund Julius another of Salomon Hille's grand-daughters) and her husband Leslie underwent a road-to-Damascus-type conversion. In the Museum of Modern Art in New York they saw that two British designers they had never heard of had won an award for some low-cost furniture designs. When they realised that there were British designers capable of beating off the best international competition they decided there and then that they wanted the future of the company to be tied up with the talents of living designers as opposed to those long dead.

So the commitment was made. Robin Day, one of those two award-winners, became the designer of the company's most famous and most profitable product (the Polypropylene chair) and became what might be called the eminence grise of the company.

The decisions taken were not always commercially successful but nobody ever thought of turning back. To begin with they produced reproduction furniture and



Hille's Supporto chairs

#### CONSUMER & CONTRACT GOODS—DURABLE

- |                            |                            |
|----------------------------|----------------------------|
| Company                    | Product                    |
| Sinclair Research          | Personal computer          |
| Paterson Products          | Photo processing equipment |
| Fabris-Wessler             | Marine distress flares     |
| Hille International        | Office chair               |
| Glye Locks (Racing Shells) | Single sculling boat       |
| Dunlop Sports              | Golf ball                  |
| Brookes and Gatehouse      | Marine radio receiver      |
| Brookroyd Stuart           | Amplifier system           |

modern designs side by side with the reproduction carrying the modern ones (financially speaking). Chorrill Scheer admits frankly that the fact that Hille is still a private company, with no public shareholders to be answerable to, has made it easier for the company to

stick to its decisions, even when the commercial success was not immediately clear.

From the start, however, Rosamund and Leslie Julius realised that the direction which really excited them was for good-looking objects to be developed hand-in-hand with new technology.

The genuine technological breakthroughs offered the company the chance to produce designs that were truly modern, consciously of their time. They also offered another great advantage—the possibility of producing good designs at low cost, for they were ideally adapted to mass-production.

The best and most successful culmination of this philosophy was of course the production of Robin Day's Polypropylene chair some 17 years ago. It was the first time that plastics had been used successfully to make furniture that answered a genuine need, that fulfilled all those exacting criteria of form and function and, most important of all, that people actually wanted to buy.

Frederick Scott's brief, culminating in the award-winning Supporto chair, was to look at the whole area of office seating. He took many months just observing people at work. To finance time and research on this scale requires a great deal of commitment. It requires the perspicacity to realise that results are not achieved overnight and that companies interested in long-term ideals need persistence, patience and belief in their strategy.

LUCIA VAN DER POST

### Low-cost device for wheel alignment

ANYONE OLD enough to remember the launch of the first Minis in 1968—and who actually bought one—stands a reasonable chance of remembering the initials SPQR.

The initials were once borne on the standards of the Roman legions who tamed the ancient world. In the latter-day world of the UK they are carried by a small Hampshire-based engineering company—SPQR first sprang to attention when it tamed those early Minis' notoriously rogue gear levers. They were about 2 ft long and sprang from the floor in the region of the driver's left foot. The moment the mounting bushes wore on the transverse engine, the lever would whirl about like a dervish.

SPQR came up with the first remote gearshift for the Mini, the Major-Change. It sold a large number of conversions before Austin-Morris finally latched on and did the job themselves.

The company itself was born little more than a year before the Mini. Since then the plant at Rowlands Bridge has been making a diverse array of motor parts well beyond the gear-change and a taper adjustment tool which got it started. Many of its earlier products were aimed directly at the motorist but it was keen to tap as well the garage trade itself.

As part of the strategy it began designing and developing a wheel alignment gauge which could handle both cars and light commercials. The product arrived in the market in 1979 and unlike much existing equipment doing the same job it was cheap. On that basis alone an ever-cynical garage trade was sceptical about its merits.

Now—20,000 sales of the Trakrite later—the Design Council has given the device one of its awards. The judges were swayed by the very aspect that lay behind the scepticism: that it was cheap—it currently retails at £35.75—yet easy to use and store and equally easy to maintain.

Mr Peter Tompkins, SPQR Engineering's managing director, says that static alignment checks can be misleading

because alignment characteristics change while the vehicle is in motion. Thus Trakrite was designed to measure alignment where the tyre is in contact and while the vehicle is being driven. It overcame two other problems—first in being able to take account of suspension modifications, not normally considered by a mechanic running checks with more sophisticated equipment and secondly variations from standard in the type of tyres fitted to the vehicle.

#### Drive-over

The device itself consists of two rectangular low profile ramps and a straight edge. One ramp, made of lightweight ABS plastic, has an integral slip plate on nylon rollers, with a gauge to indicate toe-in or toe-out. The front wheel is latched on and the job is done. The device is lined up in front of the car and set square with it using the straight edge. The gauge is set at zero, the straight edge removed and the car backed up slightly then driven over the ramp at about 5 mph. Misalignment is recorded on the gauge as toe-in or toe-out. It does not measure any misalignment in degrees but the mechanic only has to make a few experimental adjustments to the track rod and repeat the drive-over process to gain a feel for the right amount of adjustment to make. When the gauge remains at zero alignment is correct.

Other advantages claimed are that the operator does not have to refer to manufacturers' settings; there is no electronic equipment to set up so chance of misuse or misreading are eliminated; no training is needed. Servicing the equipment consists mainly of flushing water between the contact plate and nylon rollers to ensure that the top plate slides easily.

Over the three years since its launch its acceptability has grown to the extent that Toyota (GB) now issues it to its dealer network as standard service equipment, and BL is among other manufacturers which have approved its use.

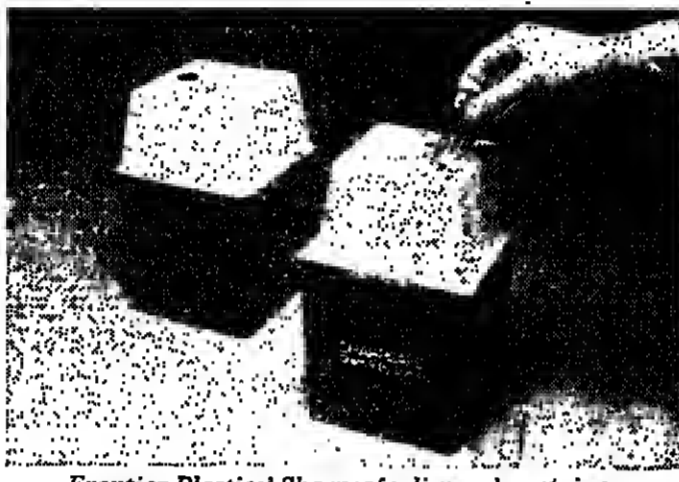
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Frontier Plastics' Sharpsafe disposal container

### Medical 'sharps' disposal

THE THROW-AWAY revolution arrived in the medical field nearly 20 years ago. Disposable hypodermic syringes, sutures, scalpel blades and glass phials of medicines rapidly did away with the need for laborious sterilisation in hospitals and health centres of what are collectively known in the medical and nursing profession as "sharps". But until recently this advance in medical technology was not matched by a comparable step forward in disposing of the used "sharps" themselves.

Ultimately "sharps" end up in incinerators, but until Frontier Plastics came along with its award-winning "Sharpsafe" no wholly satisfactory arrangement had been worked out for their safe transfer from the ward to the incinerator.

Nurses are aware of the risks and are not likely, for example, to give themselves an accidental jab in the course of disposing of a used syringe. But this may not be true of porters and other hospital or health centre staff who could come into contact with "sharps" on the way to the incinerator.

The founders of Frontier Plastics, John Harris and J. E. Anthony, are both engineers who decided in 1979 they had had enough of working for large companies and wanted to go into business on their own. Their first manufacturing unit was a disused pumice-works Nissen hut in a disused quarry at Cross Keys, Gwent, within sight today of their now purpose-built main factory.

For many years the company's bread and butter business was the production of quality moulded plastics for trade customers. But when possible they involved themselves in the design and development of the products required.

"Sharpsafe" is not the first product Frontier Plastics has designed and marketed itself. The company also produces a range of tubeware, hydroponics units and moulded plastic engineering products under its own label. "Sharpsafe" is the first result of a deliberate effort to search out a need and develop a new product to fill a perceived niche in a market where Frontier Plastics had no previous experience.

From August 1980 it took 12 months of design and development work in close consultation with the Department of Health and Social Security followed by several prototypes before the award-winning model emerged.

The advantages which have secured for it the Design Council's 1982 Medical Product Award include its rigid plastic construction, which makes it totally resistant to puncture and also very combustible in the incinerator; its supply in two brightly coloured parts easily assembled, so as to take little storage space; and a keyhole feature for needle separation from syringes and the insertion of a plug to lock the see-through hinge flap before disposal.

Such has been the response from the medical world at home and abroad that Frontier Plastics is opening a second factory next month at Cwmfelinfach, two miles from its present headquarters. It will provide 70 badly needed new jobs.

ROBIN REEVES

MEDICAL EQUIPMENT	
Company	Product
Shandon Southern Products	Cytological dialysis centrifuge
Malden Care	Go-Kart for disabled children
Froutler Medical Products	Disposal container for medical equipment
Beckett (Surgical Instruments)	Microsurgery instruments

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DESIGN IN BRITISH INDUSTRY III

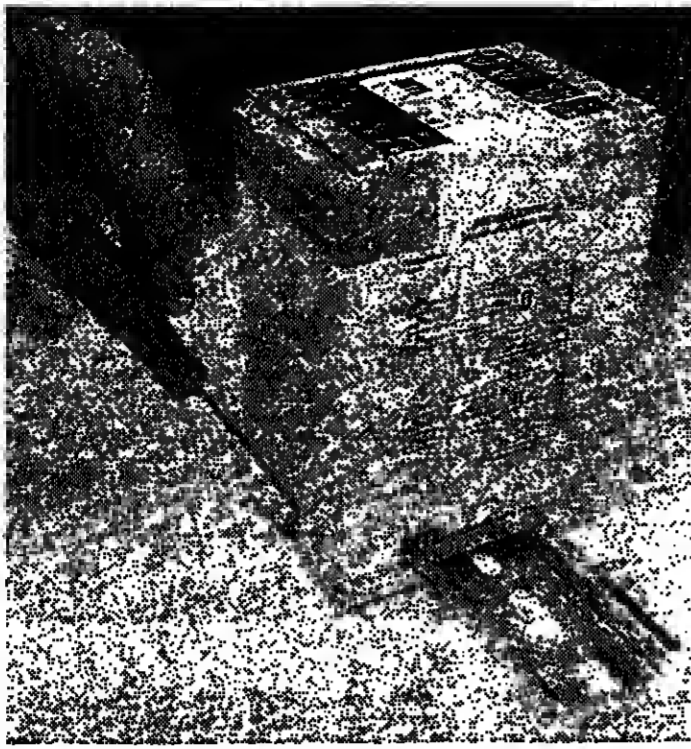
Safety aid for process plant

AT THE start of the 1970s Ian Hutcheon was technical director at instrument makers Geo. Kent of Luton with a staff of 115 engaged in research and development. But with new management coming in numbers were cut by more than half to 45 and in protest Hutcheon resigned—to form, with four of his colleagues a new company, Measurement Technology (MTL).

Some 11 years later MTL, which occupies a specialised niche of the market making safety components for the process industries, itself employs 95 people and counts Geo Kent among its customers. The company, which is expecting sales of more than £3m this year has also in the past year completed out of profits a £500,000 extension to its premises in Luton, which now covers some 24,000 sq ft. Its progress has been crowned, too, with one of the Design Council's 1982 Awards for its 2000 series interface units.

The job of the interface unit is to provide a safe and economical link between process plant and control room. "The development of more efficient process plants has led over the years to its becoming larger and more complex and less tolerant of control failures. Shutdowns have become more costly, the hazards to environment and life have increased, and consequently instrumentation control and protection systems must be of high integrity," Hutcheon points out. Sometimes the location of plants—for example, offshore oil or gas production platforms—adds to the problems.

The MTL 2000 series does this job without the need, as in various rival systems, for additional safety barriers or special low-resistant earth connections. The main components are housed in polyester injection mouldings providing inflexible isolation; input and output wiring are completely segregated. Each unit in the series is also self-contained and performs a complete function.



MTL 2000 series three-channel switch-operated relay—part of the company's successful 2000 Series

ENGINEERING COMPONENTS	
Company	Product
REIP Bearings	Clutch release bearings
Mullard	Integrated circuit for
	viewdata applications
Dowty Rotol	Propellers
Measurement Technology	Interface units

The simple modular form of construction also means that it is easy to manufacture and install as well as being cheap to maintain. The tooling-up which lies behind this cost £50,000 and has made it possible to use mass-production methods.

MTL, which also makes safety barriers, solid state choppers (for converting DC signals to AC for amplification), and a range of temperature control products, reckons to be exporting 50 per cent of output, with sales currently strong in the Far East and the U.S. where a separate marketing and small assembly operation have been set up.

Customers are the big oil, gas and chemical groups and other process plant operators, or, in the case of major new projects, the big contracting groups. Other instrument makers like Geo Kent also purchase MTL equipment to fill out their own ranges. Other specialist equipment within the niche carved out is also being developed by MTL's design department. The principle behind the interface unit,

for example, is being applied to trip amplifiers, one of the company's temperature group of products. The trip amplifier compares incoming signals with an adjustable voltage level and provides an alarm if the temperature goes outside a pre-set limit.

The group's growth has been built on a £20,000 capital base put up by the founder members, with additional aid coming initially from a small bank overdraft. In the first 18 months none of the founders took an annual salary of more than £2,000, Hutcheon points out, and all were heavily dependent on wives' incomes.

Eleven years later the gamble has evidently worked and the award-winning product is praised by the judges both for its versatility and its ingenuity. With its wide spread of international customers and sales in every Continent MTL is confident enough to regard itself as a mini-multinational—playing a small but vital part in complex process plant operations worldwide.

RHYS DAVID

Soil loosener wins fame abroad too

FARMERS ARE notoriously cautious about trying new implements and their enthusiasm for the new Paraplow soil loosener has caught its manufacturer, Howard Rotavator, entirely by surprise.

Between the Paraplow's introduction last June and the end of 1981 Howard sold 300 units, more than three times as many as expected. Some even sold at a premium and the company is still not able to keep up with demand.

As well as the British Design Council award the implement has already won three overseas honours. In December it won the Orange Day Award in Australia for the best new implement of the year and a similar commendation in a competition sponsored by an Australian trade magazine. In January it won a commendation at the Paris Salon de l'Agriculture and very recently it gained recognition in Spain.

The Paraplow is designed to break up compacted soil, which is becoming an increasingly serious problem as heavier and heavier farm machinery is used. Compaction is a problem because it hinders root development, encourages crop diseases

and prevents water from percolating into the soil.

The principal innovation brought by the Paraplow is the use of slanted tynes or legs. Conventional loosening implements use vertical tines which encounter considerable resistance because they force the soil to give way on both sides. With a slanted tine or leg the soil is in effect lifted.

Studies have shown that the Paraplow requires 30 per cent less draft horsepower than a vertical-leg loosener, so it can be used behind a medium-range farm tractor.

Advantage

Another advantage is the relatively little disturbance caused to the ground surface. This means the Paraplow can be used to relieve compaction on grazing land and amenity grasslands such as race courses and sports fields.

Interest in the implement is strong in tropical countries where rain tends to fall very heavily but for only short periods of time. The Paraplow can help to promote water harvesting and prevent runoff.

The legs are made of boron steel and slanted 45 degrees to

the right. There is a half-metre gap between legs and the maximum penetration is 35.5 cm.

Howard manufactures the Paraplow in various sizes ranging from three to eight legs. List prices range from £2,392 for a three-leg model to £10,036 for an eight-leg model.

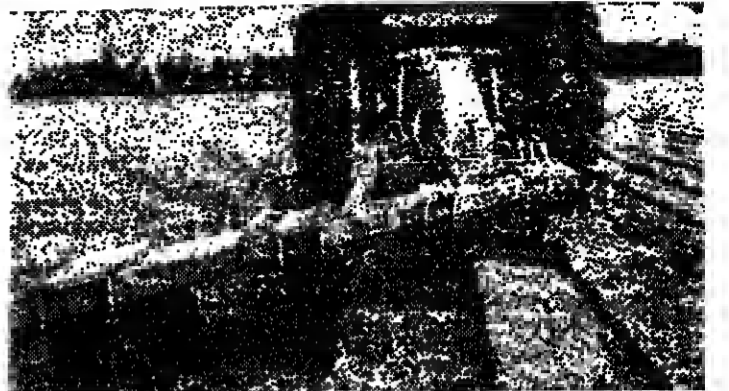
The idea of a slanted leg implement was patented by Dr A. N. Ede, a soil consultant in Cambridge. Howard has developed it over the past three years in conjunction with the plant protection division of Imperial Chemical Industries. Howard has the worldwide rights on the slanted leg, the replaceable wearing parts and the shape (cross section) of the leg.

The main changes that occurred during development were to the shape of the leg and in particular to the shin foot and toe to maximise the life of the leading edge components and minimise surface disturbance. The angle of the leg was also altered slightly.

As the prototype was ready in January 1981 the company flew it to Texas for testing rather than wait for suitable conditions in Britain. The main discovery during this phase was that it was not necessary to penetrate as deeply as anticipated. The company originally thought in terms of 50 cm penetration but found that most work could be done between 20 cm and 30 cm. The shallower the penetration the less power required.

Howard does not anticipate any evolutionary development of the Paraplow other than to bring out an increasing range of sizes to match the range of tractors available. Its principal concern now is gearing up to meet demand.

IAN RODGER

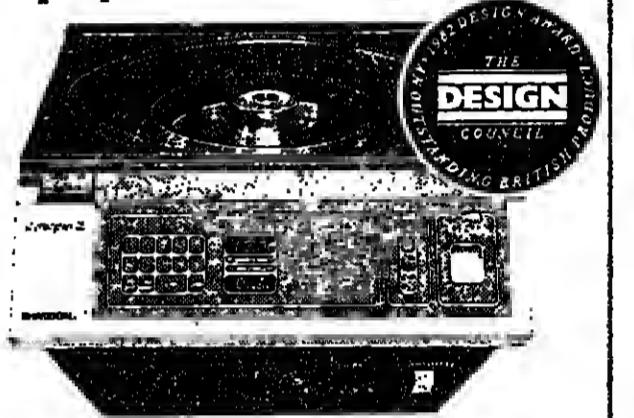


Howard Paraplow working on compacted grassland

SHANDON

CYTOSPIN 2 Cyto-centrifuge

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ENGINEERING PRODUCTS

Company	Product
Standard Telephones and Cables	Radiopager
Royal National	Lifeboat
Lifeboat Institution	Flight simulator
Rediffusion Simulation	Racking system
Keith Hancock Structures	Plough
Howard Rotavator	Paint spraying robot
Hall Automation	Digital voltmeters
Datron Electronics	Rotary cultivator
Bomford and Evershed	

This year, the Duke of Edinburgh has picked Rediffusion's advanced technology flight simulator for his coveted Designer's Prize. In The Design Council's words, the prize is "The supreme accolade for design in British Industry."

The simulator allows airline pilots to learn to fly new aircraft without leaving the ground. It lets them get used to the aircraft in complete safety and without wasting fuel.

Last year, over half the world's civil flight simulators were designed and made in Britain by Rediffusion.

Very few single developments can have contributed more decisively to air safety or saved the world more fuel. And few have been such a consistent export success.

The award recognises not only the current success of this most sophisticated example of aviation technology, but its burgeoning future. In America, for example,

the new simulator has won an exclusive contract from the Boeing Company and the first certificate to eliminate the use of aircraft in certain flight training programmes from the Federal Aviation Administration.

It is the product of one of the world's most dedicated design, engineering and production teams and its commercial success is typical of Rediffusion's entrepreneurial approach to business. Other teams in this world-wide, £250m turnover company are equally far ahead in communications, TV, computers, background music and navigation systems.

If you would like to know more about simulation or any other Rediffusion high technology activity, contact the address below.

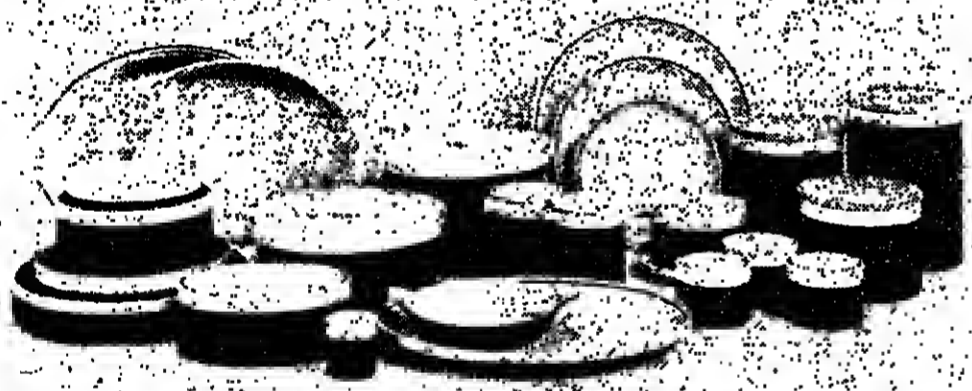
REDIFFUSION

LOOK WHAT WE LANDED FOR TEACHING PILOTS TO FLY ON THE GROUND.



REDIFFUSION, CARLTON HOUSE, LOWER REGENT STREET, LONDON SW1Y 4LS

Pottery with an Ancient Roman gloss



Ebony, a block and cream range of tableware and cookware, which has won Hornsea Pottery its third Design Council award

HORNSEA POTTERY, which is almost as persistent a winner of Design Council Awards as Hille and whose Ebony range has been awarded one this year, may perhaps be less well-known to the world at large than Hille but it none the less shares with it many startling similarities.

Like Hille, Hornsea Pottery has no public shareholders. The two Rawson brothers, Desmond and Colin, and ICFP between them own most of the equity and, as in the case of Hille, this has had the great benefit of allowing the company the freedom to pursue its own sense of priorities.

The company began simply because Desmond Rawson urgently needed some way of earning a living after the war. Having been introduced to pottery by the occupational therapist helping him recover from wounds received at Anzio, he turned to pottery. He started by doing a line of what might be called "fancies"—pussy bowls, ashtrays, condiment sets and the like—but then, in the early sixties, the whole design movement began to get under way. Desmond Rawson began to feel that he wanted to make better things and so a conscious decision was taken to produce only lines that the company could be truly proud of.

He identified a gap in the market—good modern design for young people setting up home—and decided that this was the need he would like to fill. The company agreed that only products selected by the Design Centre would be put into full-scale production and decided to put a big emphasis on producing products that were

as close as possible to the designer's original intention. All this sounds very easy but at the time it was a brave step in the dark.

Hornsea, like Hille, realised that the way forward could not just be through minor aesthetic adjustments—the changing of shapes or patterns alone. Technological innovation had to be part and parcel of a genuine attempt to break new ground in modern design.

Michael Walker was therefore made the director in charge of technological innovation. His role was to look at new production methods which would, it was hoped, expand the possibilities available to the designers.

Departure

The very first design produced under the new philosophy—Elegance, designed by John Clappison, the Royal College-trained son of one of the first people to help the Rawsons financially—marked a distinct departure from the sort of pottery that was then on the market.

Martin Hunt, of the Queensberry/Hunt partnership, who has worked with the company since 1973 and who was responsible for its award-winning Concept line, is the first to acknowledge that at Hornsea great trouble is taken to try and bring to life everything that the designer has decreed.

Right from the beginning, even before the move into tableware, John Clappison had produced a hitherto unknown decorative effect on his Elegance line, designed for the gift

market. His Heirloom range, which marked the entry of the company into the tableware market, used for the first time in the pottery industry a technique of screen-printing directly on to the pot and it gave a surface texture that was not only an inalienable part of the design but also unique.

Concept, Martin Hunt's award-winning design of a few years ago, required techniques not then readily available if his original concept was to be brought to life. Hornsea came up with a new glazing technique which meant that the very finest turned lines could be retained and a pebble-smooth finish achieved, with no loss of detailing.

Similarly, this year's award-winner—Ebony—is just a pretty piece of tableware. Its particular character has been achieved only through the development of a technique first explored by the Romans. Hornsea call their version Terracotta. The Romans called their terra sigillata and what the development means in practice is that it is now possible to apply a coating so thin—a mere 1/1,000th of an inch—that the finest of detail is totally retained. The thicker coatings available until this development would have meant a considerable loss of definition on the final product. All this illustrates the extent of Hornsea's belief in what it is doing, in the role the designer plays and in the paramount importance of the quality of the end-product.

For the company, however, there is no resting on past laurels. Ebony is a design already fully into production. The company is now concentrating its efforts on the next technological problems it needs to solve before it can produce another batch of designs that fulfil the criteria set by Desmond Rawson all those years ago.

LUCIA VAN DER POST

CONSUMER & CONTRACT GOODS—DECORATIVE	
Company	Product
Two Can Design	Stationery
Lanceline Braxton and Partners	Liquid geometry puzzle
Hornsea Pottery	Tableware
George Luck	Wooden puzzles
Fathana Designs	Stationery

Companies and Markets

INTERNATIONAL COMPANIES and FINANCE

TRAFFIC IMPROVEMENT FORECAST

\$127.3m net loss at Pan Am

BY RICHARD LAMBERT IN NEW YORK

PAN AMERICAN World Airways made a net loss of \$127.3m in the first quarter of 1982...

forecast that the company could make a small operating profit during 1982...

The airline said that the results reflected a 2.7 per cent decline in scheduled passenger traffic in the period...

America, despite a decision by the Civil Aeronautics Board on Tuesday to award the routes to Eastern Air Lines.

Coca-Cola edges ahead despite sales fall

By Our New York Staff

COCA-COLA the soft drinks company, lifted first quarter income from continuing operations 4.7 per cent to \$102.2m.

U.S. Steel shipments hit lowest level for 40 years

BY PAUL BETTS IN NEW YORK

U.S. STEEL, the leading American steel producer, which acquired Marathon Oil for \$6.4bn earlier this year...

from 4.9m tonnes in the same 1981 period, while steel shipments fell to 3.2m tonnes from 4.8m tonnes.

It acquired 51 per cent of the company. Steel operations incurred only a small loss in the latest quarter despite the severe business recession.

Gulf Resources moves to block bid by Clore

By Our New York Staff

GULF RESOURCES, the Houston-based mining and chemicals company, filed a complaint in a Houston court yesterday to try to block Mr Alan Clore, the British financier...

Mobil earnings tumble 49%

BY OUR NEW YORK STAFF

MOBIL, the second largest U.S. oil company after Exxon, reports a sharp decline of 49 per cent in first quarter net income and a 4 per cent fall in revenues.

decline in profits to the current world oversupply of oil which reduced margins, to lower petroleum product prices, and to the Aramco disadvantage.

(Social), the fourth largest U.S. oil company, reports first quarter earnings down 65 per cent to \$230m from 1981's record \$666m...

Talks on sale of Daily News break down

By Our New York Staff

NEGOTIATIONS for the sale of the New York Daily News, the largest U.S. daily circulation tabloid, between the Tribune Group of Chicago, owners of the troubled newspaper, and Mr Joe Albritton, a Texas publisher, collapsed yesterday.

Eurodollar bond flood continues

BY ALAN FRIEDMAN

AMID GROWING optimism about the course of short-term interest rates the flood of new Eurodollar bonds continued yesterday with the launch of \$475m of fixed-interest paper.

Shell Canada, meanwhile, is raising \$125m with 14 1/2 per cent 10-year bonds priced at 99 1/2 to 100 1/4...

vesting community. Dealers in London suggest that even before yesterday's issues hit the market, around \$700m of bonds were still unsold.

Amerada Hess plunges into red

BY OUR FINANCIAL STAFF

AMERADA HESS, the petroleum refining and marketing group which last December was drawn into the battle for Marathon Oil, plunged from a substantial profit to a hefty loss in the first quarter this year.

decline in profits to the current world oversupply of oil which reduced margins, to lower petroleum product prices, and to the Aramco disadvantage.

have approached \$10m a year after tax, writes Paul Betts. This action will reduce the commitment fee by more than 80 per cent.

Mr Albritton had demanded major staff cuts from the newspaper's union as a precondition to his acquisition of the financially plagued tabloid.

JWT has first quarter deficit

By Our New York Staff

JWT GROUP, which two months ago announced that irregularities in one of its subsidiaries had required a \$30m pre-tax provision against the previous year's profits, yesterday reported a small loss for the first quarter of 1982.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists.

Table with columns: STRAIGHTS, DEUTSCHE MARK, CONVERTIBLE BONDS, YEN STRAIGHTS. Includes bond names, amounts, and yields.

Harvester debt terms modified

BY OUR NEW YORK STAFF

INTERNATIONAL Harvester, the financially troubled farm and construction machinery company, states that its lenders have agreed to make certain changes in its \$42bn debt restructuring agreement completed last December.

light of the prolonged economic recession. Harvester, which lost \$393m last year, is expected to lose around \$500m this year.

Mr Edward Barnes resigned as president and chief executive of L. E. Myers, U.S. electrical transmission contractor, because of a disagreement over a cost cutting programme.

Mr Paul T. Kessler Jr, company chairman, was elected to both posts.

NORTH AMERICAN QUARTERLY RESULTS

Table with columns: ALASKA INTERSTATE, BELCO PETROLEUM, ALBANY INTERNATIONAL, ALCO STANDARD, ALGOMA STEEL, AMERICAN BROADCASTING CO., AMERICAN PETROFINA, AMF INC., AMPCO-PITTSBURGH, BALLY MANUFACTURING, BRIGGS AND STRATTON.

Table with columns: FIELDCREST MILLS, MURPHY OIL, RUN COMPANY, FLEMING COMPANIES, NATIONAL GYPSIUM, NATOMAS CO., NL INDUSTRIES, PPSICO, PHILADELPHIA ELECTRIC, READING AND BATES, SOUTHERN RAILWAY, STELCO, STORAGE TECHNOLOGY.

Table with columns: DEUTSCHE MARK, CONVERTIBLE BONDS, YEN STRAIGHTS, WILMINGTON, WINN-DIXIE STORES, WITCO CHEMICAL, YELLOW FREIGHT SYSTEM.

Table with columns: OTHER STRAIGHTS, FLOATING RATE, STRAIGHTS, CONVERTIBLE BONDS, YEN STRAIGHTS. Includes bond names, amounts, and yields.

Companies and Markets **INTL. COMPANIES & FINANCE**

**Profits fall 34% at Brown Boveri**

By Kevin Done in Frankfurt

**BROWN BOVERI** of West Germany, the 56 per cent-owned subsidiary of the Swiss electrical engineering group, suffered a drop of 34 per cent in after-tax profits last year to DM 20.22m (\$8.52m) despite a rise of 17 per cent in group turnover to DM 4.7bn.

The company said on Monday it would cut its dividend by 25 per cent to DM 6 per share.

The group expects sales to stagnate at last year's level in 1982 and new orders to fall below last year's level of DM 5.45bn. Itself an increase of 22 per cent.

The group is suffering from both cyclical trading and structural problems. Dr Herbert Gassert, chief executive, said yesterday. He held out little hope of the company achieving any substantial improvement in profitability before 1984.

The group's trading profit slumped by 30 per cent last year as a result both of depressed margins on export business and of loss-making contracts which had been booked to hold operating levels in some manufacturing plants.

Short-time working is expected to grow in the second half.

In spite of rationalisation efforts, BBC has been unable to close the widening gap between rising costs and stagnating product prices. The company managed to raise prices by little more than 2.5 per cent last year but was confronted by cost increases of more than 5 per cent.

BBC warned that its problems in nuclear power station construction are likely to burden the group for some years. Losses in this area totalled DM 15m last year.

Capital investment this year is expected to show little change on last year's total of DM 200m.

The group's main loss-making activities last year were its subsidiaries Resopal, Werk Roemer and Isoprofil, which were hit by the continuing recession in the building and furniture sectors.

Brown, Boveri is still recording few gains from its strategy in recent years of expanding strongly into electrical standard products as a means of offsetting flat demand in the plant construction sector. The moves have failed to halt the group's sliding profitability.

**Expansion boosts earnings at L'Oreal by 37%**

BY TERRY DODSWORTH IN PARIS

**L'OREAL**, the French cosmetics and pharmaceutical group, raised net consolidated profits by 37 per cent last year to FFf 517m (\$83m) on the back of a broadly-spread expansion both at home and overseas.

The figures show that the increase in the group's sales, which went up by 13 per cent, from FFf 4.6bn to FFf 9.7bn, was virtually comparable at home and in foreign markets, where L'Oreal is intensifying its efforts. Overseas turnover, at FFf 5.2bn, accounted for 54.5 per cent of total sales.

M. Francois Dalle, the chairman, attributed the sharp improvement in profits to efforts to trim loss-making product lines. He predicted that the results for this year should be "satisfactory" despite the increase in social costs deriving

from recent government measures. M Dalle also emphasised that the group hoped for a big surge in the contribution of the recently acquired pharmaceutical division within two to three years. Only about 20 per cent of the pharmaceutical sales of FFf 1.7bn last year were overseas, but the company intends to develop foreign pharmaceutical outlets in the same way as it has done for its cosmetics interests.

Since taking over Synthelabo, the pharmaceutical concern, L'Oreal had invested FFf 1.2bn in this sector, which was now beginning to pay off, said M Dalle. In 1981 it made profits of FFf 37m.

Dividends are to be increased by 17 per cent to FFf 25.70 a share net.

**Maisons Phoenix**, the residential construction company, said its net consolidated profit tumbled by 72 per cent to FFf 29.9m (\$4.82m) last year as the sagging economy continued to depress the French construction industry, writes our Financial Staff.

The group's operating profit dropped 34 per cent to FFf 78.2m last year after the company cut loss-making ventures.

The company said it had sold its stake in subsidiaries in Italy, Spain, Belgium and West Germany, in an effort to re-structure the group.

Overall sales fell 8.8 per cent last year to FFf 1.02bn.

Sales in the first quarter of 1982 showed some improvement, rising by 8.5 per cent to FFf 218.4m.

**Solvay dips into the red by BFr 752m**

By Giles Merritt in Brussels

**SOLVAY**, Belgium's major chemicals group, yesterday said the lacklustre performance of its plastics sector has pushed its overall financial results for 1981 firmly into the red, with net losses of BFr 752m (\$18.84m).

The results follow the dramatic profits tumble in 1980 when net earnings dropped to BFr 1.95bn from the 1979 level of BFr 5.1bn after a serious weakening in demand for the plastics products which account for about 40 per cent of its sales.

Last year's overall turnover rose from BFr 138bn to BFr 157bn.

Poor demand for chemicals was sustained throughout the year. Although Solvay's parent company has declared a net profit of BFr 1.19bn for 1981, against BFr 2.12bn in 1980, dividends on Solvay shares are to be cut again.

The group is to propose at its June 7 general meeting that a net pay-out of BFr 150 per fully paid-up share should be made, while for its 'C' shares the net dividend will be BFr 60. For 1980, Solvay paid BFr 200 on its 'A' and 'B' shares, while 'C' shareholders received BFr 80 per share.

**SGB plans 1-for-5 rights issue**

**SOCIETE Generale de Banque, Belgium's largest banking group, has announced a 1-for-5 rights issue that it expects will boost its capital by some 10 per cent.**

The offer has been set at BFr 2,500 per share, which gives a comparatively small discount on the bank's currently traded share price of BFr 2,680. But SGB senior executives believe that the minimum effect of the offer will be to raise BFr 3.06bn (\$688m). The offer opens on May 4 and runs for the statutory period in Belgium of three weeks.

SGB expects that the offer will be well subscribed, largely as a result of the Belgian Government's measures introducing greater fiscal incentives to investors.

The bank has pointed out, however, that the rights issue does not imply any change in its strategy but instead reflects the need to raise the capital base in line with the increases achieved in recent years in its overall balance sheet.

For 1981 the non-consolidated balance sheet increased 12 per cent to BFr 1,124bn; and in 1980 it rose 17 per cent.

**HK Electric buying**

Jardine Fleming has continued to buy shares in Hongkong Electric Holdings on behalf of a consortium led by Hongkong Land. After acquiring a 20 per cent stake at prices of up to HK\$6.75 (US\$1.15) on Monday, the group approached its target of just under 35 per cent on Tuesday, and has been mopping up the remaining shares in the market where Electric has been trading around HK\$6.30, writes Robert Cottrell in Hong Kong.

**Recovery at Swedish Match**

BY OUR FINANCIAL STAFF

**SWEDISH MATCH**, the diversified industrial group, has come close to doubling first quarter operating profits, with an outcome of SKr 65m (\$11.5m), compared to SKr 35m for the opening three months of 1980.

The company said yesterday that it expected its operating results overall to show an improvement thanks to the disposal of loss-makers and restructuring elsewhere.

Last year Swedish Match saw operating profits dip to SKr

292m from SKr 310m, while at the pre-tax level the figures showed an even more alarming decline — to SKr 76m against SKr 225m.

At the time, the group blamed a rapid upsurge in financial costs coupled with depressed building activity in Western Europe.

Group 1981 sales advanced by just 8 per cent to SKr 7bn of which over 70 per cent arose outside Sweden.

The building slump and the mounting over-capacity in

Europe led Swedish Match to dispose of a large part of its building components operations last year. The sale of a number of particle board and furniture operations in West Germany was announced earlier this year.

The company, which has been diversifying hard away from its traditional products, claims further progress for its disposable lighter division. In 1981 these contributed almost 50 per cent of total group operating profits.

**Saga Petroleum cuts deficit**

By Fay Gjester in Oslo

**SAGA PETROLEUM**, the privately owned Norwegian oil concern, reduced its deficit to Nkr 43m (\$6.9m) last year, from Nkr 61.7m in 1980.

Saga regards its long-term prospects as promising, because of its position as one of the three Norwegian oil concerns which the Government has selected to play a growing role in Norway's offshore oil development.

It holds stakes in virtually all the most promising licensed areas on the Norwegian shelf. The other two favoured Norwegian concerns are Statoil, the State oil company, and Norsk Hydro.

**EDF pushed into losses by cost of borrowing**

BY DAVID WHITE IN PARIS

**SOARING** costs of borrowing by Electricite de France plunged the French state power board into a loss of FFf 4.38bn (\$740m) last year and are expected to bring a similar deficit this year.

M Marcel Boiteux, chairman, said that while turnover rose to FFf 74.6bn, financial charges shot up by 70 per cent to FFf 15bn—close to one fifth of sales.

The loss, which came after a narrow FFf 272m profit in 1980, was worse than the FFf 3.7bn figure originally forecast.

The authority's outstanding debt has risen by FFf 50bn in

the last two years to reach about FFf 120bn. This includes about FFf 40bn in foreign currencies—this sum was increased by about FFf 4bn last year as a result of the French franc's decline.

Other reasons cited for the sharp deterioration in EDF's financial performance included increases in oil and coal prices, which were only partly offset by savings of FFf 6bn reckoned to have flowed from the increased use of nuclear energy.

Pressure from the Government for the board to use more French coal, in order to support the mining sector, threatens to add a further burden.

**Banco de Bilbao buys Catalan bank**

BY ROBERT GRAHAM IN MADRID

**BANCO DE BILBAO**, Spain's fourth largest commercial bank, has taken over an ailing Catalan family bank, Mas Sarda, in the second rescue operation that the Spanish banking system has mounted within a month.

The refloating of Mas Sarda is expected to cost about \$100m. It will be funded by Bilbao, soft credits from the Government Deposit Guarantee Fund and the sale of assets.

The move comes at a time of continuing crisis for Spanish banks. At the beginning of the month Hispano-Americano took over the Catalan-based industrial bank Bankunion, in an operation likely to cost \$400m.

The rescue of these two Catalan banks by two of the big seven Spanish national banks leaves only the Catalana group and Sabadell with a pure "Catalan" identity.

The acquisition by Bilbao is significant because a major political effort was mounted by the Catalans to ensure that Mas Sarda remain in Catalan hands. However, the Spanish banking authorities rejected this formula since it would have created a serious precedent.

Mas Sarda was founded in 1844. It has been the most internationally active of the medium-sized Spanish banks and is part of the London based

Latin - American consortium bank Iberopartners. Mas Sarda, who reported 1981 pre-tax profits of Pts 350m, has capital of Pts 2,49bn and reserves of Pts 1.3bn. It operates with 36 branches.

With anticipated losses to be covered of Pts 106bn, Bilbao is expected to reduce the capital and use up reserves before injecting some Pts 3bn of its own, raising its stake to 70 per cent. The Deposit Guarantee Fund will provide a further Pts 2bn and underwrite unforeseen losses, after some assets have been sold.

Bilbao bid for Mas Sarda two years ago but was turned

down. The renewed offer, this time much lower, indicates Bilbao's strong interest in diversifying and achieving greater penetration in Catalonia. Bilbao was also interested in taking over Bankunion for the same reason.

It has also been announced that Banco de Vizcaya will take over the small bank, Ahorrobank (formerly Banco de Gredos). This was a subsidiary of Bankunion until hived-off earlier this month when Bankunion was taken over by Hispano.

Vizcaya is expected to inject Pts 1.5bn of new capital into the bank.

This advertisement appears as a matter of record only.

March, 1982

**BANCO DE DESARROLLO AGROPECUARIO BANDAGRO (Venezuela)**

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Banca Nazionale del Lavoro  
Marine Midland Bank N.A.  
Banco Pinto & Sotto Mayor  
Agent Bank  
Marine Midland Bank N.A.

**Electrolux to consolidate after run of acquisitions**

BY WILLIAM DULLFORCE, NOROK EDITOR, IN STOCKHOLM

**ELECTROLUX**, the Swedish household appliances group which has expanded fast by aggressive takeovers over the past seven years, is to concentrate on consolidating the dominating market positions it has won, according to its annual report for 1981.

Group earnings tumbled from just over SKr 1bn in 1980 to SKr 508m (\$86.8m) last year, depressed by weakened demand for household products and a leap of almost SKr 500m in net financial charges. Group sales climbed by 16 per cent to SKr 26.6bn.

The report examines how the balance sheet has been weakened by the financing needed for the group's expansion. The equity-to-debt ratio at the end of 1981 was 21.9 per cent compared with the previously stated goal of maintaining it at least 25 per cent.

No more diversification and no major takeovers are planned in the near future. This should allow a gradual improvement of the solvency ratio.

Capital spending, which averaged about 5 per cent of sales over the last five years, will be kept at a lower level over the next five years. Pre-tax profit is expected to rise sharply, when business picks up.

Last year the dividend was raised to SKr 2 a share from SKr 1.50 in 1980 for a total payment of SKr 204m. The group showed a net profit after tax of SKr 961m for 1981 after including extraordinary income of just over SKr 1bn from the sale of power stations.

**Lloyds Eurofinance N.V.**

(Incorporated in the Netherlands with limited liability)

Guaranteed Floating Rate Notes due 1993



**Lloyds Bank Limited**

(Incorporated in England with limited liability)

In accordance with the terms and conditions of the Notes and the provisions of the Agent Bank Agreement between Lloyds Eurofinance N.V., Lloyds Bank Limited, and Citibank, N.A., dated October 27, 1981, notice is hereby given that the Rate of Interest has been fixed at 15 7/8% pa and that the interest payable on the relevant Interest Payment Date, October 29, 1982, against Coupon No. 2 will be U.S.\$386.02 per \$5,000 Note.

April 29, 1982

By: Citibank, N.A., London, Agent Bank



**UB U.B. (Holdings) U.S. Ltd.**

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**Commercial Paper Program**

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This announcement appears as a matter of record only.

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**\$182,375,289**  
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This transaction was initiated and arranged by the undersigned.

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These securities having been placed privately, this announcement appears as a matter of record only.

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April, 1982

**Amsterdam-Rotterdam Bank N.V.**

are pleased to announce the commencement of operations of their

**Tokyo Representative Office**  
from April 9, 1982



Yurakucho Denki Building-S 7th floor  
7-1, Yuraku-cho 1-chome  
Chiyoda-ku, Tokyo 100  
telephone: 284-1071/3  
telex: j25320 amrosec

B. J. Pennink, representative  
T. Yamanouchi, senior advisor

April, 1982

Companies and Markets

INTL. COMPANIES & FINANCE

This announcement appears as a matter of record only.

\$22,401,614 Leveraged Lease Financing of One DC-9-82 Aircraft

for



Aeronaves de Mexico, S.A.

by



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Melbourne office for Stock Exchange

By Ian Perkin in Melbourne

INCREASED London interest in Australian stocks is expected to follow the decision by the London Stock Exchange to establish an office in Melbourne later this year.

Representatives of the London Stock Exchange are due to visit Melbourne next month to tie up final details of the plan which has been the subject of discussions for some time.

The purpose of the local office will be to speed up the settlement of trading in Australian securities on the UK Stock Exchange.

The UK has shown strong interest in Australian shares in the past, but the system has been bedevilled by slow and haphazard scrip settlement.

This in turn has prompted many UK brokers to avoid promoting investment in Australian shares and to cut down the business available to those jobbers in London who deal in Australian stocks.

It is understood that the Melbourne office will be the first outside London to link in with the Talisman computer system on which all UK trades and accounts are settled. Talisman is the acronym for transfer account judgement for investors, stock management for jobbers.

The London Stock Exchange has begun recruiting senior staff for the Melbourne office. All those employed will have experience in the securities industry, particularly in broking or nominee operations.

Strong profit growth at United Arab Shipping

By James Dorsey in Kuwait

UNITED ARAB Shipping Company (UASC) made a net profit last year of Kd 26m (\$83m) according to its just published 1981 annual report, an increase of Kd 8.5m (\$25m) from 1980.

Mr Abdul Aziz Salaat, the general manager, attributes the increase in profit to support by the shareholders states—Saudi Arabia, Iraq, Kuwait, Bahrain, Qatar and the United Arab Emirates—and to the rationalisation of operational costs.

"Stability of international marine transport throughout the first three quarters of 1981

contributed to reasonable freight rates in favour of UASC," Mr Salaat said. UASC carried 5.1m tons of general cargo in 1981 compared with 4.7m tons in 1980. Container lifting also increased from 58,000 TEUs (the total length of containers in feet divided by 20) in 1980 to 78,482 TEUs last year.

The company, which was established in 1976, has a fleet of 55 vessels. It has awarded what is claimed to be a record contract for the building of nine new container ships at a total cost of \$400m. In addition,

the company has contracted for 15,000 TEUs, 1,000 of which are open-top containers.

UASC hopes to develop the Gulf into a major world shipping centre by transferring most of the shipping functions from its overseas offices to the Gulf. Iraq, according to Mr Salaat, use UASC as its main carrier, while 30 per cent of all cargo going to Iraq through Gulf ports is handled by UASC.

The company has also profited from the fact that other shipping companies have been reluctant to serve Iraq during the past 18 months.

Interest costs check gain at OK Bazaars

By Thomas Sparks in Johannesburg

OK BAZAARS, one of South Africa's leading retailing groups, suffered from higher interest costs last year (ended March 31). The trading surplus of R70.1m (\$56.7m) was 28.9 per cent higher than the previous year's R54.4m, but the group's interest bill rose to R15.5m from R7.4m, resulting in a pre-tax profit increase of only 16.3 per cent to R54.6m from R47m. Turnover rose by 26.5 per cent to R1,350m (\$1,230m) from R1,060m.

Management considers the trading results satisfactory in view of the economic slowdown of the past six months and substantially higher short-term interest rates.

For the current year, management believes that consumer spending will come under considerable pressure as the economic downturn deepens.

A total dividend of 142 cents has been declared from earnings of 276.2 cents a share. In the year ended March 31, 1981, earnings were 230.3 cents a share and a total dividend of 120 cents was paid.

Narrower interest margins put a stop to the profit growth of Nedbank, South Africa's third largest banking group, in the six months ended March 31. Operating income after transfers to internal reserves was R48.92m against R48.98m in the corresponding period of 1981.

Mr Roh Abrahamson, chief executive of the group's commercial banking arm, says that downward pressure on profits as a result of narrower interest margins has been overcome with an increase in the volume of banking business. At the end of March advances and bills discounted were R2,170m, an increase of 26.5 per cent on the R2,110m at the end of last September. In the same period total assets increased to R6,960m from R5,500m.

An interim dividend of 13 cents has been declared from first-half earnings of 37.1 cents a share. Last year the interim dividend was 12.5 cents and first-half earnings 35.7 cents a share. The year to end-September 1981 resulted in earnings of 86.4 cents a share and a total dividend of 43 cents.

Opening advance at Matsushita

By Yoko Shibata in Tokyo

MATSUSHITA Electrical Industrial, Japan's largest electrical appliance company, increased consolidated sales and profits in the first quarter (ended February 20) of its current fiscal year.

Matsushita's consolidated net profits rose by 9 per cent to reach a first quarter record of ¥34,570m (\$145m) on sales of ¥86,350m, up 9 per cent compared with the same period in the previous year and also a record. Per share profits were ¥22.28 against ¥20.88.

During the quarter, domestic sales totalled ¥441,250m, up 4 per cent, to account for 52.7 per cent of the total. Overseas sales went up by 14 per cent to ¥395,60m, accounting for 47.3 per cent of total turnover.

Video equipment including colour TV and video tape recorders performed best, with sales up by 26 per cent to account for 35.6 per cent of total turnover.

Full year consolidated net profits are projected at ¥1,700m, up 6 per cent, on sales of

¥3,740m, up 8 per cent.

Makita Electric Works, a leading Japanese manufacturer of electric power tools, suffered a setback in earnings in the year ended February 20. Consolidated net earnings fell by 7.6 per cent to ¥5,400m (\$22.6m) from ¥5,840m in the previous fiscal year. Writes Our Financial Staff.

Sales, however, rose by a record 33.6 per cent to 69,730m from ¥68,040m. Per share net earnings dropped to ¥66.13 from ¥77.83.

Japanese department stores sluggish

By Our Tokyo Staff

JAPAN'S FIVE major department store groups report lower than expected earnings in the fiscal year ended February 28, as a result of stagnant consumption compounded by the effects of a warm winter.

Takashimaya, the strongest performer among the five climbed from third to second position ahead of Daimaru in terms of sales. Takashimaya's special sales, commemorating the Tokyo branch's 50th anniversary, and an expansion of out-of-store sales, resulted in satisfactory gains. The company lifted the provisions for bad debts by ¥1bn (\$4.2m).

Mitsukoshi performed poorly in earnings terms, despite higher sales. Its sales gains were mostly contributed by out-of-store sales, including those through local affiliated shops with low profits. The

Table with 3 columns: Sales, Operating profits, Net profits. Rows for Mitsukoshi, Takashimaya, Daimaru, Matsuzakaya, Sogo.

company suffered from a poor customer response at the Ikebukuro Sunshine centre where sales were extremely sluggish.

Daimaru's efforts to keep the second position in terms of sales by increasing the number of bargain sales were rewarded, resulting in a lower gross profit. Matsuzakaya maintained earnings at the previous year's level, helped by lower depreciation charges for its subsidiaries and a lower interest payments burden.

Sales growth at Sogo was attributed to the prosperity of the company's Kobe store. Sales at Kobe benefited from the success of the Poropia exhibition in April-September last year.

This announcement appears as a matter of record only.



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Agent

Baring Brothers & Co., Limited

April 1982

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U.S. \$250,000,000

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The Notes, issued at 100 per cent in denominations of U.S. \$10,000, have been admitted to the Official List by the Council of The Stock Exchange subject only to the issue of the temporary Global Note.

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Full particulars of the Notes are available in the Extel Statistical Service and may be obtained during usual business hours up to and including May 13, 1982 from:-

Cazenove & Co. 12 Tokenhouse Yard London EC2R 7NA

Morgan Guaranty Ltd 30 Throgmorton Street London EC2N 2NT

April 29, 1982

Weekly net asset value



Tokyo Pacific Holdings (Seaboard) N.V.

on April 26th 1982, U.S.\$58.59

Listed on the Amsterdam Stock Exchange

Information: Pierson, Helderling & Pierson N.V. Herengracht 214, 1016 BS Amsterdam.

BUILDING SOCIETY RATES

Every Saturday the Financial Times publishes a table giving details of Building Society Rates on offer to the public.

For further advertising details please ring: 01-248 8000, Extn. 3606

Table with 4 columns: PRICE INDEX, VONTBEL EUROBOND INDICES, AVERAGE YIELD, etc.

U.S. \$100,000,000



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Floating Rate Debentures Due 1993

In accordance with the provisions of the Debentures, notice is hereby given that for the six month Interest Period from 29th April, 1982 to 29th October, 1982 the Debentures will carry an Interest Rate of 15% per annum and the Coupon Amount per U.S. \$5,000 will be U.S. \$384.43.

Credit Suisse First Boston Limited Agent Bank

U.S. \$125,000,000



The First Canadian Bank

Bank of Montreal

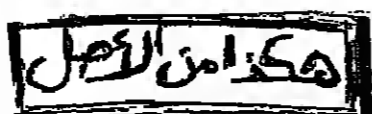
FLOATING RATE DEBENTURES, SERIES 6, DUE 1991

(Subordinated to deposits and other liabilities)

For the six months 29th April, 1982 to 29th October, 1982

In accordance with the provisions of the Debenture, notice is hereby given that the rate of interest has been fixed at 15% per cent and that the interest payable on the relevant interest payment date, 29th October, 1982, against Coupon No. 2 will be U.S.\$768.85.

Morgan Guaranty Trust Company London





CURRENCIES and MONEY

Sterling steady

Sterling showed little overall change in currency markets yesterday with falls against European currencies countered by an improvement against the dollar.

The dollar lost ground on expectations of lower U.S. interest rates. STEERING — Trade-weighted index (Bank of England) 89.4 against 89.3 at noon, 89.6 in the morning and 89.4 on Tuesday.

Three-month interbank 13 1/2 per cent (16 1/2 per cent six months ago). Annual inflation rate 10.4 per cent (11 per cent previous month).

12.2 per cent (5.8 per cent previous month) — The D-mark was firmer at yesterday's fixing in Frankfurt. A large trade surplus in March may have accounted for some of the rise and the D-mark remained just above its upper divergence limit in the EMS.

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Three-month interbank 13 1/2 per cent (16 1/2 per cent six months ago). Annual inflation rate 10.4 per cent (11 per cent previous month).

THE POUND SPOT AND FORWARD

Table with columns: April 28, Day's spread, Close, One month, Three months, % p.a. for various currencies like U.S., Canada, Netherlands, Belgium, Denmark, Ireland, Portugal, Spain, Italy, Norway, France, Sweden, Austria, Switzerland.

THE DOLLAR SPOT AND FORWARD

Table with columns: April 28, Day's spread, Close, One month, Three months, % p.a. for various currencies like UK, Ireland, Canada, Netherlands, Belgium, Denmark, Spain, Norway, France, Sweden, Japan, Austria, Switzerland.

CURRENCY MOVEMENTS

Table showing currency movements for Sterling, U.S. dollar, Canadian dollar, Australian dollar, etc., with columns for Bank of England, Morgan Guaranty, and other indicators.

OTHER CURRENCIES

Table showing other currencies like Argentine peso, Australian dollar, Brazilian cruzeiro, etc., with columns for exchange rates and notes.

EMS EUROPEAN CURRENCY UNIT RATES

Table showing EMS European Currency Unit rates for various currencies like Belgian franc, Danish krona, German mark, etc., with columns for ECU, % change, and divergence.

EXCHANGE CROSS RATES

Table showing exchange cross rates for Pound Sterling, U.S. Dollar, Deutschmark, Japanese Yen, etc., with columns for April 28 and bid/offer rates.

FT LONDON INTERBANK FIXING (11.00 a.m. APRIL 28)

Table showing FT London interbank fixing rates for 3 months and 6 months U.S. dollars.

EURO-CURRENCY INTEREST RATES (Market closing rates)

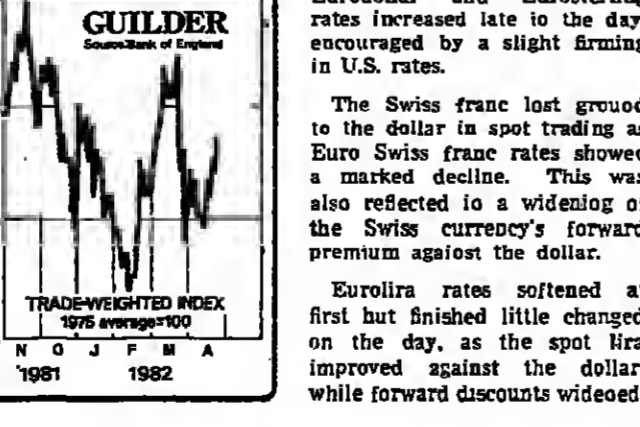
Table showing Euro-currency interest rates for various currencies like Sterling, U.S. Dollar, Canadian Dollar, etc., with columns for April 28 and rates for different terms.

MONEY MARKETS

London clearing bank base lending rate 13 per cent (since March 12). Interest rates fell in the London money market yesterday, with three month interbank funds declining to 13 1/2 per cent.

EUROCURRENCIES

Eurocurrency interest rates were generally steady, influenced by the lack of change in Eurodollar rates. Eurosterling was also unchanged for most of the day.



MONEY RATES

Table showing money rates for New York, Germany, and Japan, with columns for Prime rate, Fed funds, Treasury bill, etc.

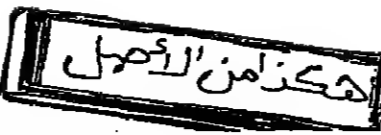
LONDON MONEY RATES

Table showing London money rates for Sterling, U.S. Dollar, Canadian Dollar, etc., with columns for April 28 and various interest rates.

FT UNIT TRUST INFORMATION SERVICE

Large section titled 'AUTHORISED TRUSTS' containing numerous columns of financial data, including company names, addresses, and financial metrics for various trust services.





INSURANCE & OVERSEAS MANAGED FUNDS

Table of insurance and managed funds, including Abbey Life Assurance Co. Ltd., Aetna Life Insurance Co., and various international funds.

Table of insurance and managed funds, including Life Assur. Co. of Pennsylvania, Phoenix Assurance Co., and various international funds.

Table of insurance and managed funds, including Sun Life of Canada (UK) Ltd., British and Foreign Investment Management Ltd., and various international funds.

Table of insurance and managed funds, including Sun Life of Canada (UK) Ltd., British and Foreign Investment Management Ltd., and various international funds.

OFFSHORE AND OVERSEAS

Table of offshore and overseas managed funds, including Fidelity International, Sun Life of Canada (UK) Ltd., and various international funds.

NOTES: Prices are in pence unless otherwise indicated and those denominated in dollars are in US dollars.

FT SHARE INFORMATION SERVICE

Espey-Tyas Real Estate & Construction. We cover the country. London - Leeds - Birmingham. 021-454 9831

LOANS—Continued

Table with columns: High, Low, Stock, Price, Div, Yld, Int, Ref. Includes entries for various financial institutions and loan types.

BANKS & H.P.—Cont.

Table with columns: High, Low, Stock, Price, Div, Yld, Int, Ref. Includes entries for various banks and hire purchase companies.

CHEMICALS, PLASTICS—Cont.

Table with columns: High, Low, Stock, Price, Div, Yld, Int, Ref. Includes entries for various chemical and plastic companies.

ENGINEERING—Continued

Table with columns: High, Low, Stock, Price, Div, Yld, Int, Ref. Includes entries for various engineering firms.

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

Table listing various British funds with columns for High, Low, Stock, Price, Div, Yld, Int, Ref.

Five to Fifteen Years

Table listing various British funds with columns for High, Low, Stock, Price, Div, Yld, Int, Ref.

Over Fifteen Years

Table listing various British funds with columns for High, Low, Stock, Price, Div, Yld, Int, Ref.

Undated

Table listing various British funds with columns for High, Low, Stock, Price, Div, Yld, Int, Ref.

Index-Linked & Variable Rate

Table listing various British funds with columns for High, Low, Stock, Price, Div, Yld, Int, Ref.

INT. BANK AND O'SEAS GOVT. STERLING ISSUES

Table listing international bank and overseas government sterling issues with columns for High, Low, Stock, Price, Div, Yld, Int, Ref.

CORPORATION LOANS

Table listing various corporation loans with columns for High, Low, Stock, Price, Div, Yld, Int, Ref.

COMMONWEALTH AND AFRICAN LOANS

Table listing various commonwealth and African loans with columns for High, Low, Stock, Price, Div, Yld, Int, Ref.

LOANS Public Board and Ind.

Table listing various public board and industrial loans with columns for High, Low, Stock, Price, Div, Yld, Int, Ref.

FOREIGN BONDS & RAILS

Table listing various foreign bonds and rails with columns for High, Low, Stock, Price, Div, Yld, Int, Ref.

AMERICANS

Table listing various American stocks with columns for High, Low, Stock, Price, Div, Yld, Int, Ref.

BEERS, WINES AND SPIRITS

Table listing various beer, wine, and spirit companies with columns for High, Low, Stock, Price, Div, Yld, Int, Ref.

BUILDING INDUSTRY, TIMBER AND ROADS

Table listing various building industry, timber, and road companies with columns for High, Low, Stock, Price, Div, Yld, Int, Ref.

CANADIANS

Table listing various Canadian stocks with columns for High, Low, Stock, Price, Div, Yld, Int, Ref.

BANKS AND HIRE PURCHASE

Table listing various banks and hire purchase companies with columns for High, Low, Stock, Price, Div, Yld, Int, Ref.

DRAPERY AND STORES

Table listing various drapery and store companies with columns for High, Low, Stock, Price, Div, Yld, Int, Ref.

ELECTRICALS

Table listing various electrical companies with columns for High, Low, Stock, Price, Div, Yld, Int, Ref.

CHEMICALS, PLASTICS

Table listing various chemical and plastic companies with columns for High, Low, Stock, Price, Div, Yld, Int, Ref.

ENGINEERING MACHINE TOOLS

Table listing various engineering machine tool companies with columns for High, Low, Stock, Price, Div, Yld, Int, Ref.

FOOD, GROCERIES—Cont.

Table listing various food and grocery companies with columns for High, Low, Stock, Price, Div, Yld, Int, Ref.

HOTELS AND CATERERS

Table listing various hotel and catering companies with columns for High, Low, Stock, Price, Div, Yld, Int, Ref.

INDUSTRIALS (Miscel.)

Table listing various miscellaneous industrial companies with columns for High, Low, Stock, Price, Div, Yld, Int, Ref.

FOOD, GROCERIES—Cont.

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CHEMICALS, PLASTICS

Table listing various chemical and plastic companies with columns for High, Low, Stock, Price, Div, Yld, Int, Ref.

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ENGINEERING MACHINE TOOLS

Table listing various engineering machine tool companies with columns for High, Low, Stock, Price, Div, Yld, Int, Ref.

Large vertical table on the right side of the page containing various stock market data, including company names, prices, and other financial metrics.

Handwritten note: "Handwritten note in Arabic script at the top center of the page." (Note: The text is illegible due to blurriness)

INDUSTRIALS—Continued

Table of stock prices for various industrial companies, including columns for Stock, Price, and Change.

LEISURE—Continued

Table of stock prices for various leisure and entertainment companies.

PROPERTY—Continued

Table of stock prices for various real estate and property companies.

INVESTMENT TRUSTS—Cont.

Table of stock prices for various investment trusts.

OIL AND GAS—Continued

Table of stock prices for various oil and gas companies.

SAITAMA BANK advertisement with logo and contact information.

MINES—Continued

Table of stock prices for various mining companies, including sub-sections for Central African, Australian, and Tins.

MOTORS, AIRCRAFT TRADES

Table of stock prices for various motor and aircraft trade companies.

SHIPPING

Table of stock prices for various shipping companies.

SHOES AND LEATHER

Table of stock prices for various shoe and leather companies.

OVERSEAS TRADERS

Table of stock prices for various overseas trading companies.

RUBBERS AND SISALS

Table of stock prices for various rubber and sisal companies.

INSURANCE

Table of stock prices for various insurance companies.

PROPERTY

Table of stock prices for various property companies.

TOBACCO

Table of stock prices for various tobacco companies.

TRUSTS, FINANCE, LAND

Table of stock prices for various trusts, finance, and land companies.

TEAS

Table of stock prices for various tea companies.

MINES

Table of stock prices for various mining companies.

REGIONAL MARKETS

Table of stock prices for various regional markets.

OPTIONS

Table of stock prices for various options.

MILITARY RULERS PROMISE TO LIFT CURFEW ON MAY 2

Poland frees 800 internees

BY CHRISTOPHER BOBINSKI IN WARSAW

POLAND'S military rulers yesterday ordered the release of 800 internees and promised to lift the curfew and other restrictions imposed after their takeover last December.

Archbishop Glemp's statement in Rome, that he thought that the Pope's visit to Poland this August should be put off, clearly indicates that the Church has decided that the easing of restrictions is not enough for an improvement in relations.

Meanwhile, Mr Jan Kulaj, the head of Rural Solidarity, the independent farmers' union, who has been interned since December 13, appeared on TV and announced that from now on he would be working within the United Peasants' Party, a group with strong links with the Polish Communist Party.

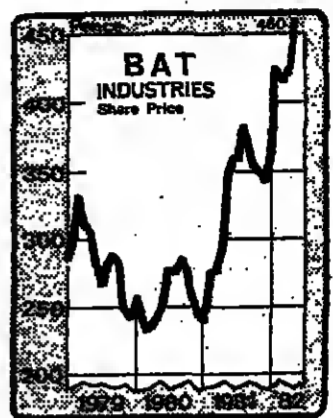
BA splits operations into 'profit centres'

By Michael Dornne, Aerospace Correspondent A MAJOR reorganisation of British Airways, with the creation of several 'profit centres' in the form of operating divisions, was announced by Sir John King, chairman, yesterday.

THE LEX COLUMN

BATs delights the bulls

Index rose 5.1 to 575.3



BAT Industries has shed the image of a sluggish giant over the past year, and brokers have been almost falling over themselves to publish buy recommendations.

Published 1981 profits before tax have risen 43 per cent to £84.4m. Roughly half the improvement is attributable to the weakening of the pound, but this still leaves a very respectable level of underlying growth.

But overall, BAT leaves the impression that its diversification strategy is under better control. That financial disciplines have been tightened—net debt is down £40m—and that the flair for pushing cigarettes is unimpaired, BAT is not far short of break-even on its domestic UK tobacco operations and U.S. market share has been pushed within a whisker of 13 per cent, a gain of 0.3 per cent, by the launch of the Barclay brand and the reorganisation of the Kool range.

In the U.S. retuning, Gimbel's has been turned round in a weak consumer spending climate and there is at least a chance that the Marshall Field acquisition will break even after net funding costs this year. The currency risk is as strong as ever, and the domestic UK businesses are hardly making money, but on a historic yield of 7.5 per cent twice covered by current cost earnings, the shares still have plenty of support.

increases have been running at twice merchandise inflation and the property revaluation has added £2m to the depreciation charge. Against this there is a net first year benefit from the D. H. Evans sale and leaseback (a well-timed operation, with hindsight). Fraser's low interest rate is reflected in a small increase in current cost pre-tax profits, which is one justification for the 6 per cent increase in the dividend.

Whether or not Lofnfin makes another assault, Fraser's returns must be improved over the next few years. Profits are back to the levels of 1976-77, since when sales have doubled. The benefits of computerisation, better labour productivity and property redemptions will come through in the next couple of years, but only slowly; meanwhile the yield at 15.6p is 6.6 per cent.

Savoy Hotel

The Savoy Hotel shares with Fraser a valuable name, an expensive (if shrinking) property portfolio and an unwelcome large shareholder. It remained in pre-tax loss—£0.6m against £1.6m—in 1981 but there was a sharp return to profit in the last quarter as the falling pound brought foreign visitors back to London. This continuing trend alone should ensure reasonable earnings this year.

The final quarter—when trading profits reached £1.6m—had the benefit of £0.3m of fee income from Ladbrokes in connection with its £8.5m purchase of the Savoy's Strand block, which will boost interest receivable in 1982. The maintenance charge, meanwhile, stood still in 1981.

Last year's bidder, THE, is not in the strongest position. Its own share price has been weak, and if it does not rebound, it might have trouble placing its Savoy shares. The Savoy insists that directors, 'friends and associates' control just over half the votes. This summer it may find out again who its friends are; for the moment the company is capitalised at £78m.

Blue Circle

Blue Circle's trading results have maintained their strong pace in the second half of 1981. But with an eye on the squeeze emerging in some of the countries in which it operates, the company has not stinted itself in reckoning up provisions and contingencies to be taken above the line. Before exceptional items profits have risen by 44 per cent; after £13.1m of provisions of one kind or another—none of which are expected to be repeated in the current year—pre-tax profits have risen 31 per cent to £104.1m.

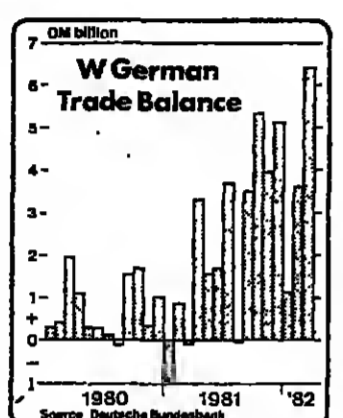
The key to last year's strong performance has been operations abroad, with Mexico showing a gain of 60 per cent to about £25m; and Chile showing a gain of £16m. South Africa has been flat and is expected to remain so, but earnings from Nigeria and Australia have doubled. In the current year demand in Mexico has been holding up well, while a new plant has been commissioned. Nevertheless the devaluation of the peso may mean a shortfall of perhaps £5m. Softer markets in Chile are likely to push earnings back to the level of 1980, but Nigeria may prove resilient as import duties should provide a boost to domestic cement production.

But there should be a good improvement in the UK in 1982. In the last six weeks of 80 there have been signs of a pick-up in cement demand, and big annual savings are in the pipeline from the cut in the workforce and switch to more fuel-efficient plant. Meanwhile, Armitage Shank should continue to advance. So, without the burden of exceptional, the overall pre-tax outcome may well show a further advance. Looking further ahead, the extensive capital expenditure now under way should produce another profit surge in a couple of years. Recently, the shares have lost a good part of last year's re-rating; this performance should help them regain it. The price rose to yesterday at 468p, where the yield is 5 1/2 per cent.

Bonn exports hit £9.9bn record

BY STEWART FLEMING IN FRANKFURT

WEST GERMAN exports were worth a record DM 41.8bn (£9.9bn) last month. This compared with DM 34.5bn in February and DM 33.7bn in March last year.



Imports rose slower than in the recent past, with the result that Germany's trade accounts showed a record surplus of DM 6.4bn.

The current account, which includes invisibles transactions such as services and income transfers, moved back into a healthy DM 2bn surplus after a DM 300m deficit in February.

Ministers back private funds for roads

By Hazel Duffy, Industrial Correspondent

A PLAN to introduce private finance into road construction, drawn up by a special committee of the National Economic Development Office's civil engineering economic development committee, has been backed by two Government Ministers.

In the past week Mr Heseltine, the Environment Secretary, and Mr David Howell, the Transport Secretary, have given their blessing to the proposals.

Discussions are being held between Government officials and contractors on the risk element involved. This would have to be acceptable for the scheme to receive Treasury approval.

If the capital can be seen to have a sufficient element of risk to enable it to fall outside the Public Sector Borrowing Requirement and the programme would prove no more expensive than publicly-financed roads, it will receive Government approval.

Building societies set up scheme to protect their investors

BY MICHAEL CASSELL

THE building societies have established formal investors' protection schemes bringing the movement into line with the banks and life insurance companies.

The scheme will secure up to 90 per cent of investors' capital if a building society collapses or suffers serious losses. The societies have reached voluntary agreement on the plan in the knowledge that failure to do so would almost certainly result in the imposition of statutory measures.

Proposals for a protection scheme have been under discussion since 1978, when the Grays Building Society collapsed, with losses of over £7m. Since then the societies have been informally committed to covering any losses arising from similar failures.

The Building Societies Association said yesterday that 134 of its 184 member societies had so far signed a declaration of intent to contribute to a protection fund which would be set up if the need ever arises.

The signatories control over 99 per cent of all building society assets. Under the scheme the maximum contribution the societies can be called upon to make on any one occasion is 0.3 per cent of their total assets, as laid down in the Banking Act 1979. Societies could now be called upon for over £180m to make up any losses.

Mr Alan Cumming, chairman of the association, said it was "incomprehensible" that building societies' losses could reach such an amount. He emphasised that the scheme represented a "fall-back" option used only in extreme circumstances such as fraud or heavy losses on mortgages.

If a society's finances were not wholly sound the problem would probably be rectified by other means such as a merger. Mr Cumming said.

The 70 building societies not in membership of the association are, at the Government's insistence, eligible for inclusion in the scheme and are being advised to take part by the Chief Registrar of Friendly Societies.

Investors in a society which commits itself to contributing to any fund required will have 90 per cent of their capital protected, irrespective of the amount involved. Those belonging to a society which elects to take part in the scheme but would not make contributions will be entitled to 75 per cent cover.

The bank deposit protection scheme, which took effect earlier this year, compensates depositors for up to 75 per cent of the first £10,000 deposited.

The building societies have been anxious not to provide 100 per cent cover for share investors because they fear that the prospect of total protection might encourage some societies knowingly to accept higher-risk business. Given the pressures created by increasing competition, any such trend is discouraged.

BR's £37m loss last year is less than half that in 1980, but was arrived at only after the Government had agreed to increase its grant by an extra £100m to compensate for the loss of revenue stemming from the recession.

Weather

UK TODAY SHOWERS followed by rain. Cloudy. Near normal temperatures. London, S.E., E., N.E. and Central England, Channel, Edinburgh, Dundee. Showers. Sunny periods. Max. 13C (55F). S.W. England, S. Wales. Dry. Sunny periods. Max. 14C (57F). Aberdeen, Central Highlands, Moray Firth, N.E. Scotland, Orkney, Shetland. Cold. Showers. Sunny periods. Max. 9C (48F). N. Ireland, West of England, Wales and Scotland. Showers. Sunny periods. becoming cloudy with rain later. Max. 13C (55F). Outlook: Dry. Showers in the East.

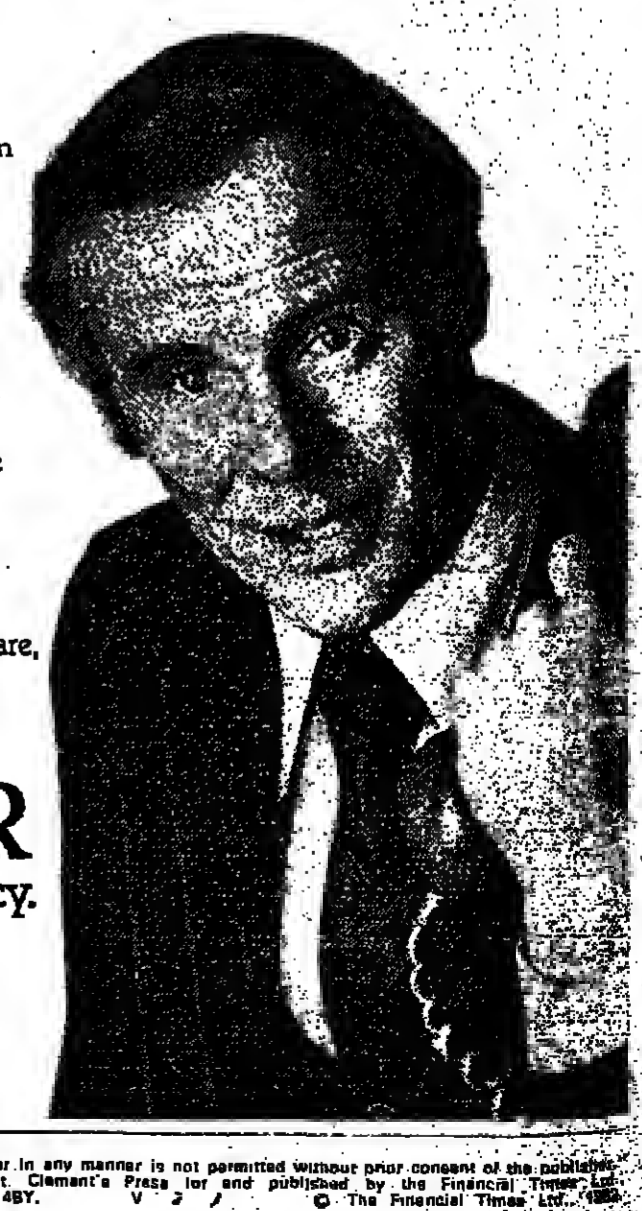
WORLDWIDE

Table with columns for location, day, and temperature. Locations include Ajaccio, Algiers, Amman, Athens, Bahrain, Barcelona, Beirut, Belfast, Belgrade, Berlin, Bilbao, Birmingham, Bogota, Brasov, Brussels, Bucharest, Cardiff, Casablanca, Cape Town, Chennai, Cologne, Copenhagen, Curitiba, Dar-es-Salaam, Denver, Dublin, Durrban, Edinburgh, Freetown, Geneva, Giza, Glasgow, Harare, Helsinki, Hong Kong, Houston, Indianapolis, Istanbul, Johannesburg, London, Lyons, Madrid, Manila, Mexico City, Miami, Moscow, Mumbai, New York, Ottawa, Paris, Perth, Port of Spain, Rome, Santiago, Sao Paulo, Seoul, Singapore, Stockholm, Taipei, Toronto, Vancouver, Warsaw, Wellington, Zurich.

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Welsh back training plan

A BILLION POUND scheme which will guarantee a proper preparation for work for thousands of under 18s, has been heralded by Welsh industry as a major breakthrough. Mr Ian Kelsall, Welsh director of the Confederation of British Industry, gave the CBI's wholehearted support for the new training blueprint.

These difficulties overshadow those of the longer term, but Sir Peter warned yesterday: "We are at the crossroads. If we leave the financing of the railway network as it is, you cannot expect the railway to stay as it is by the end of the 1980s."